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FINANCIAL TIMES

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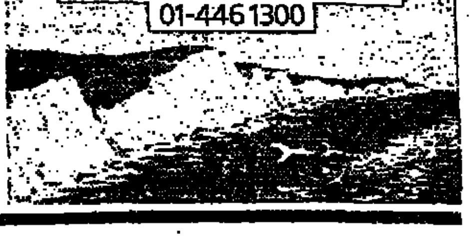


WORLD NEWS

Teachers' pay deal in balance

The National Union of Teachers last night made a last-ditch threat of legal action to stop the proposed settlement of the teachers' pay dispute from going ahead.

The agreement, reached with the Acas conciliation service, was already looking unlikely to be ratified on schedule by the Burnham pay negotiating committee.

The NUT questioned whether the committee could legally deal with a settlement referring to both pay and service conditions. Back Page

French squeeze on NZ

France is holding up imports from New Zealand, apparently to try to secure the release of two French agents jailed in Auckland over the sinking of the Greenpeace ship Rainbow Warrior. Back Page

Paris-Bonn arms pact

France and West Germany agreed to increase military co-operation. Bonn may join the French plan for a European space shuttle. Back Page

Hitch delays Ariane

A minor technical hitch has delayed the next launch of the European Ariane rocket for two days, until March 14.

Life for family plotters

Tarlochan Thethy of Hounslow, West London, was jailed for life at the Old Bailey, along with his mother and two brothers, for murdering his wife. They thought she was too westernised for a Sikh woman.

Unionists plan rallies

Unionist leaders plan weekend rallies across Northern Ireland to drum up support for Monday's strike against the Anglo-Irish agreement. Page 4

Defence phone-tapping

The Defence Ministry is to tap its internal telephone calls to make sure staff do not discuss classified information.

Sellafield payouts

Dependants of three Sellafield nuclear plant workers who died of cancer have received pay-outs from British Nuclear Fuels, one of them almost £57,000.

Budget for the poor

India's budget includes big rises in agricultural spending, and measures aimed at helping the poor. Page 2

Egypt minister sacked

Egyptian Interior Minister Ahmed Rushdi was dismissed after the security force riots in which almost 40 died. Page 3

Train kills 27

At least 27 people were killed when a train ran into crowds gathered on the track to watch a religious fireworks festival near Cochin, south India.

Senate screenings

The US Senate voted in favour of having its sittings televised live from June 1.

Editor for Express

Former News of the World editor Nick Lloyd is to succeed Sir Larry Lamb as editor of the Daily Express in April.

Eire fare hopes

Britain and the Irish Republic are to discuss cutting air fares between the two countries. Page 4

Nigeria to open borders

Nigeria's land borders were to be reopened last night after nearly two years' of closure.

Warm weather in sight

Warmer weather should arrive by Wednesday, forecasters said. Racing today is cancelled, for the 21st consecutive day, and 16 football matches have been postponed. Weather, Back Page

BUSINESS SUMMARY

Hanson in plan to sue Imperial

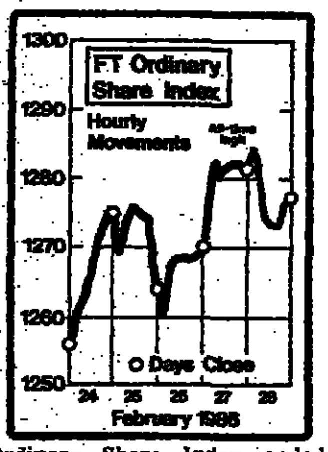
HANSON TRUST, which is involved in a takeover battle for Imperial Group, announced plans to sue Imperial over its newspaper advertising campaign. Hanson is to seek damages for defamation and malicious falsehood.

Hanson has launched a £2.3bn bid for Imperial which responded by seeking a defensive merger with United Biscuits.

In another move, Hanson has arranged a £1bn seven-year credit from a consortium led by Chemical Bank of US. Back Page

MORE THAN 1,500 underwriting members of Lloyd's insurance market, whose affairs were managed by PCW underwriting agency, face a further rise in losses which already total £130m. Back Page

EQUITIES' early advance was reversed by profit-taking. Blue chips later rallied and the FT



Ordinary Share Index ended 4.1 down at 1,277.4. This gave a rise of 21.4 on the week. Page 12

LLOYDS BANK unveiled a 20 per cent increase in pre-tax profits to £561m in 1985. Chairman Sir Jeremy Morse said benefits of the merger with Lloyds Bank International would be seen in 1986. Back Page and Lex; Results, Page 8

US trade deficit reached a record $16.46bn in January, up from $15.15bn the previous month. Page 2

CANADIAN dollar came under renewed pressure as foreign exchange markets shrugged off the deficit-cutting budget presented this week. Page 2

IRISH Government is to inject I£38m (£34.5m) equity into the state-owned B + I shipping line which came close to closure last November during labour disputes.

YARROW Shipbuilders, Clydeside warship yard owned by GEC, plans to shed 310 of its 4,700 jobs because of inadequate orders. Page 4

HONG KONG shipping group Wah Kwong asked creditors to back a plan which would allow time for the company to restructure its $820m (£567m) debt. Page 9

NCB was freed from a High Court injunction, granted to the National Union of Mineworkers, which had prevented the board from closing Bates Colliery at Blyth, Northumberland. Page 5

EASTERN AIRLINES: Air hostesses called off a threatened strike at the Miami-based carrier which is being taken over by Texas Air. They accepted wage cuts of 20 per cent in return for job safeguards.

FNFC, consumer credit group, agreed to pay £47.5m for TCB, banking offshoot of P & O. Page 8

ALGEMENE Bank Nederland, largest Dutch bank, raised 1985 profits by 19 per cent to Fl 478m (£125.8m). Page 9

McKECHNIE Brothers shareholders narrowly backed their board's bid for building products group Newman Tonks. The vote blocks the £150m offer by Williams Holdings for McKechnie. Page 8

MARKETS

DOLLAR

New York lunchtime:
DM 2.22775
FFr 6.857
SFr 1.8875
Y180.525
London:
DM 2.2305 (2.222)
FFr 6.8625 (6.835)
SFr 1.8875 (1.8765)
Y180.45 (180.25)
Dollar index 117.8 (117.2)
Tokyo close Y180.45

US LUNCHTIME RATES

Fed Funds 7½%
3-month Treasury Bills: yield: 7.23%
Long Bond: 110 27/48 yield: 8.31%

GOLD

New York: Comex April latest $340.5
London: $337.0 ($338.5)

STERLING

New York lunchtime $1.4495
London: $1.447 (1.483)
DM 3.2275 (3.295)
FFr 9.93 (10.1375)
SFr 2.7325 (2.7825)
Y261.0 (267.25)
Sterling index 73.2 (74.7)

LONDON MONEY

3-month interbank: closing rate 12 7/16% (12¼)

NORTH SEA OIL

Brent 15-day March $16.7 ($17.625)

STOCK INDICES

FT Ord 1,277.4 (−4.1)
FT-A All Share 750.83 (−0.3%)
FT-SE 100 1,543.9 (−5.6)
FT-A long gilt yield index: High coupon 9.94 (9.91)
New York lunchtime: DJ Ind Av 1,711.12 (−2.87)
Tokyo: Nikkei 13,640.83 (−1.31)

Chief price changes yesterday. Back Page

CONTINENTAL SELLING PRICES: Austria Sch 20; Belgium BFr 45; Denmark DKr 8; France Fr 8.00; W. Germany DM 2.20; Ireland 60p; Italy L1,500; Malta 30c; Netherlands Fl 2.75; Norway NKr 7.00; Portugal Esc 90; Spain Pta 125; Sweden SKr 7.00; Switzerland Fr 2.20.

Sterling falls sharply as concern grows at instability of markets

BY GEORGE GRAHAM

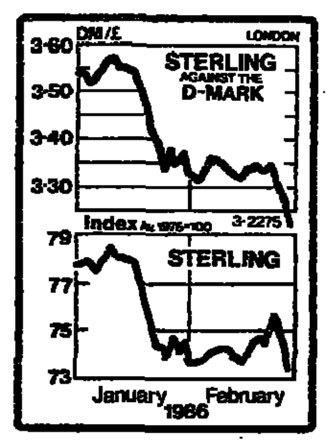
THE POUND fell sharply yesterday, ending a turbulent week in the currency markets. As the dollar regained some of the ground it lost earlier in the week, sterling came under heavy selling pressure.

The recent instability of the foreign exchange markets has aroused concern among the US and European governments. It will be discussed at meetings in Europe over the next two weeks, as officials prepare for the International Monetary Fund's meeting in Washington in April and for the world economic summit in Tokyo at the beginning of May.

Last night the pound stood 5 cents below its highest point of the week against the dollar, and 14¼ pfennigs below its peak against the D-mark. The dollar lost nearly 8 pfennigs against the D-mark over the week.

Yesterday alone sterling dropped 3½ cents against the dollar and 6¾ pfennigs gainst the Deutsche Mark, closing at $1.447 and DM 3.2275. Falling oil prices contributed to the pound's weakness as dealers turned their attention from the US currency, which ended at DM 2.2305 and at Y180.45.

A cargo of Brent North Sea crude for delivery in May changed hands at under $13 a barrel yesterday in a generally falling market. One trader said: "There is excess supply of oil and a general feeling that there will be plenty of oil around. This continuing to push prices downwards."



A London bank foreign exchange dealer commented: "Once anybody saw the slightest reversal of the downward trend in the dollar then sterling was always going to be the first to be hit."

The pond's fall has reinforced the Government's caution about allowing bank base rates to fall, as some economists had suggested earlier in the week it might do. Sterling's decline has been partly cushioned by the dollar's weakness, but the extent of its drop against the Deutsche Mark is causing concern to the authorities.

Mr Peter Fellner, economist at James Capel, the stockbrokers, said: "We are still in a situation where if the base rates did move the currency could come under a lot of pressure. This makes a cut before the Budget out of the question."

In the US, there is concern that the currency markets could become disorderly. On Thursday the dollar's value rose in minutes by as much as 2 pfennigs on rumours, later denied, that finance minsters of leading industrial nations planned to met urgently in a bid to slow the dollar's slide.

Dealers were anticipating that West Germany and Japan might agree to lower their domestic interest rates, which would be expected to strengthen the dollar.

In London the pound's weakness cut some of the stock market's gains of earlier in the week. The FT-SE 100 share index lost 5.6 points to 1,543.9, still nearly 26 points higher over the week. Gilt-edged Government bonds also lost ground, after four days in which they had advanced strongly in yields on longer-dated stocks had broken through 10 per cent.

Wall Street, Page 10;
Money Markets, Page 11;
London Stock Exchange
Page 12

Bank of England denies Owen's JMB claims

BY TERRY POVEY AND PETER RIDDELL

A SENIOR Bank of England executive last night denied allegations that Johnson Matthey Bankers had been lax in its choice of gold bullion customers. On Thursday, Customs officers arrested 12 people on suspicion of involvement in a value-added tax-fraud on gold bullion sold to JMB.

At Westminster, opposition party leaders intensified pressure for a public inquiry into JMB's affairs. Alliance and Labour politicians also criticised the Bank of England over the handling of JMB following the £250m rescue operation mounted in October 1984.

Some ministers and senior Tory MPs were worried the arrests would raise more questions about the City's probity, would cause the competence of the Bank of England as a supervisor to be questioned and, indirectly, hurt the Government.

However, Mr David Walker, who as well as being chairman of JMB is an executive director of the Bank of England, denied the allegations made by Dr David Owen, the Social Democratic Party leader, who raised the VAT arrests in the Commons on Thursday.

Mr Walker, in a letter to the SDP leader, said JMB had not bought gold at below market prices and that the troubled bank's bullion operations had remained profitable over the past two years.

He reiterated that the gold purchases being investigated were made from a well-known international customer of the bank with which JMB had had a long trading relationship.

Dr Owen sent a letter yesterday to Mrs Margaret Thatcher, the Prime Minister. It arrived too late for Mr Walker to comment on it. Dr Owen wrote that a public tribunal of inquiry was "the only way to lift this cloud over the Bank of England" and "I would therefore urge you to think again."

Mrs Thatcher has been asked to set up an inquiry into JMB on several occasions in the 17 months since the bank had to be rescued under a mountain of doubtful debts in September 1984.

Dr Owen's letter raised questions about JMB's knowledge of matters which should have led the bank to make inquiries. One of the bullion dealers involved had a police record, said Dr Owen.

Bank of England officials commenting on Dr Owen's leter said JMB had not bought the gold in question from a man the SDP leader identified and that this particular bullion trader did not have an account with JMB. The trader concerned had applied for an account at JMB last year and been rejected, said the officials.

Other opposition leaders have now joined in the latest row in Parliament over JMB, Dr Donagh McDonald, for the Labour Party, backed the demand for an inquiry to set the public's mind at rest.

She said it would be desirable to have a thorough investigation which looked into charges of bad management, incompetence and relations with the Bank of England.

Sir Anthony Grant, a senior Tory backbencher with a close interest in City matters, said an inquiry into JMB would delay its sale back to the private sector

Rank in court threat to IBA

BY RAYMOND SNODDY

THE RANK Organisation last night delivered an ultimatum to the Independent Broadcasting Authority, telling it either to reconsider its rejection of the Rank takeover bid for the Granada Group or face High Court action.

The IBA was given until 10 am on Monday to confirm that it would "reconsider its recent decision." If no satisfactory response was received, Rank said, it would commence High Court proceedings for judicial review of whether the IBA had fulfilled its responsibility under the 1981 Broadcasting Act.

On Tuesday the IBA said it found Rank's £753m contested bid for Granada unacceptable because it would involve a change of ownership in a viable ITV company—Granada Television. Under the Granada Group's articles of association, the IBA claims the right to reject change of ownership of more than 5 per cent of the voting shares.

Rank said last night it had issued the ultimatum on the advice of senior counsel and after it held discussion with a number of leading Rank and Granada shareholders. The principal objective was to secure for Granada's shareholders "the unfettered opportunity of making a proper evaluation of Rank's offer."

Mr Michael Gifford, chief executive of Rank, said: "It really is a question of whether their view of their duty is the correct one. It is not a matter we need to make a judgment on. It is a matter for the courts."

Rank believes the IBA rejection of its offer was a matter of internal IBA policy and not a matter of law.

The Rank chief executive said he was pursuing the concept "that we should have a hearing—a concept of natural justice." The organisation was angered by what it saw as a the peremptory way the IBA had dismissed its case without proper explanation.

Rank is still hoping to hold talks with the IBA to find a way to separate the economic control from the programme control of Granada Television. Mr Gifford said he hoped to reach a compromise with the IBA but if this was not possible he was determined to go ahead with legal action.

The IBA would say only that the matter was in the hands of its legal advisers.

Two other companies are already seeking judicial reviews of rulings concerning takeover battles. Matthew Brown, the brewing group, is challenging the conclusions of a Monopolies and Mergers Commission report which permitted Scottish and Newcastle, another brewer, to proceed with a bid for Brown. Argyll Group has obtained a judicial review of a recent decision to lay aside the referral of a Guinness bid for Distillers to the commission. Guinness had put in a new bid.

Mr Michael Green, chairman of Carlton Communications, will watch any litigation against the IBA with interest. In October the authority blocked an agreed £82.5m takeover of Thames Television by Carlton.

Brazil introduces new currency and price freeze

BY RICHARD FOSTER IN BRASILIA

BRAZIL'S President José Sarney yesterday announced a one-year freeze on prices, the introduction of a new currency, and other wide-ranging economic measures in an attempt to combat the country's soaring inflation rate.

He said the country's complex system of price indexation would end and that all mortgage payments and rents would be frozen, also for one year.

The new currency would be the cruzado, worth 1,000 cruzeiros. There would be no immediate devaluation of the cruzado against the dollar.

The package is designed to bring the inflation rate, now running at 255 per cent a year and rising, down to about 20 per cent a year.

The measures, announced in a nation-wide broadcast, give workers automatic increases whenever prices rise by 20 per cent.

Meanwhile all wage earners will receive an immediate bonus on March 1 to offset the effects of recent inflation, after which the new system will begin to operate.

At present workers receive increments every six months, to match price rises.

The de indexation plan has been under study by government economists since August. They see it as the only means of halting an inflationary spiral that has resisted such conventional anti-inflation measures as price controls.

The government has reviewed similar wage and price freezes implemented in Argentina and Israel. In December it concluded that Brazil, undergoing a transition to democracy after 20 years of military rule, lacked the political cohesion to withstand the shock of de indexisation.

However, inflation rates in the last three months—13.4 per cent in December, 16.2 per cent in January and 14.4 per cent ernment that drastic action was this month—convinced the govneeded.

The programme, dubbed the Plano Tropical, abolishes the automatic adjustment of prices, rents, mortgages and monetary instruments according to a cost-of-living index. The only indexed item still to be adjusted for full inflation is savings accounts.

The face value of outstanding Treasury bonds will be converted into the new currency without loss of real value.

In future, however, Treasury bonds will no longer be given monetary corrections for inflation and will yield only the prevailing market interest rate, forecast at 15 per cent a year.

Mr Dilson Funaro, the Finance Minister, said the Government would issue no new bonds or mone yfor the next four months.

Banks were closed yesterday, but the measures were expected to provoke a rush of investors out of the bond market into savings accounts when doors are reopened on Monday.

The package also includes: increasing the minimum wage from $44 (£30) to $59 a month; introducing unemployment benefits for those out of work for more than a month; eliminating daily adjustment of the cruzeiro against the dollar, with devaluations now being made periodically at the central bank's discretion.

Police powers have also been expanded to enforce the price freeze. Any trader violating it faces closure of his business or imprisonment.

The greater protection against inflation offered to salaried workers than to financial and comercial sectors has defused a growing revolt in Mr Sarney's coalition from the liberal Brazilian Democratic Movement Party (PMBD), which had threatened to withdraw support in Congress.

PMBD leaders last night praised the economic programme and toned down previous criticism.

Peter Montagnon, Euromarkets Correspondent, writes: In New York yesterday, Brazil entered the final round of talks with its commercial bank creditors on the terms of a deal to restructure debt falling due in 1985 and 1986.

The interest rate to be paid by Brazil on the deal was said to be the only remaining point

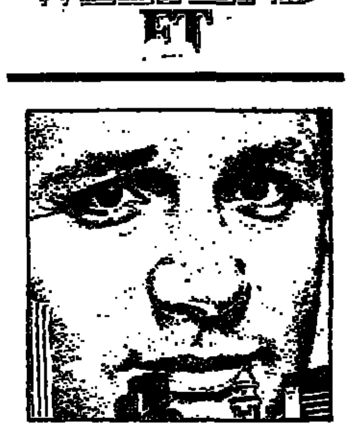
The Brazilian delegation, led by Mr Antonio de Padua Seixas, director for external debt at the Central Bank, had been stalling on the interest rate question during the three-and-a-half weeks of talks.

Bankers feared Brazil might have been holding out for concessions on the back of any interest rate relief granted to Mexico. They also felt it wanted to see the outcome of the meeting of the so-called Cartagena group of Latin American governments taking place in Uruguay this week.

Hopes of an agreement were raised, however, when Mr Seixas indicated a willingness to move on the restructuring agreement ahead of President Sarney's economic reform package.

In an outline deal reached in January, last year's debt maturities, amounting to some $6bn (£4bn), are to be rescheduled for seven years. A further $8bn in debt maturing this year, as well as $16bn in short term credit, are to be rolled forward till March 1987.

WEEKEND FT

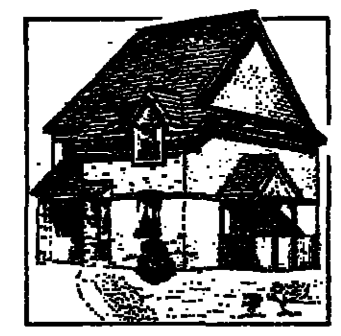


NEWSPAPERS

Next week Eddy Shah launches a new national daily on a raft of venture capital. David Goodhart and Patrick Wintour chart his "secret year" of financial negotiations. I

FINANCE

As the world's bond markets soar, long-term interest rates come tumbling down. IV



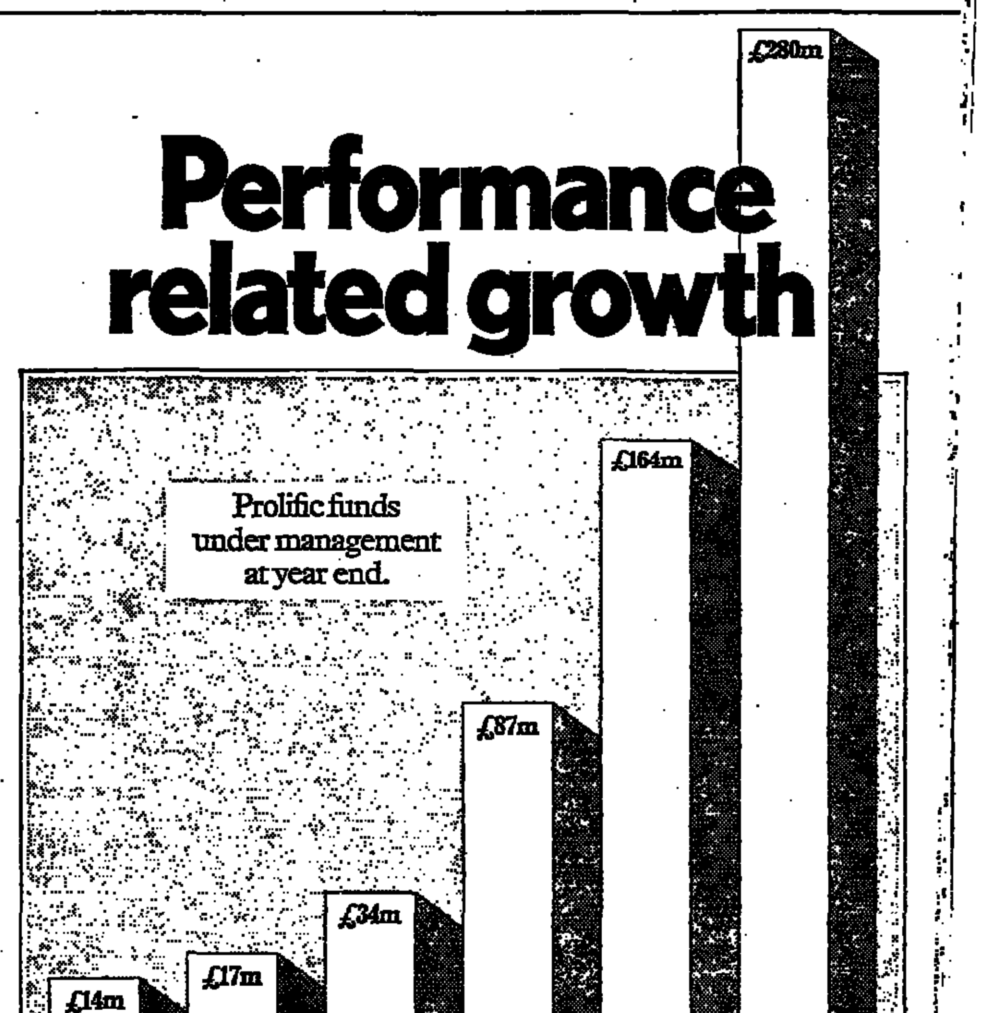
IDEAL HOME

The Exhibition is an annual jamboree for 800,000 visitors. XIV, XVII

ARTS

It is Welsh Week—a new Otello at the WNO, and a new Hedda Gabler. XIV

Performance related growth



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CONTENTS

For London market and latest share index 01-246 8026; overseas markets 01-246 8086

India unveils budget to help the poor

BY JOHN ELLIOTT IN NEW DELHI

INDIA yesterday unveiled increases of 65 per cent in public expenditure on agricultural and rural development programmes, coupled with in taxation changes and other measures to help the poor, the second anual budget to be introduced since Mr Rajiv Gandhi became Prime Minister 16 months ago.
under attack recently for introducing substantial price rises which have hit the poor.

Mr Vishwanath Pratap Singh, Finance Minister, said yesterday his budget was aimed at 66 providing relief to the common man" and at putting the burden for providing increased government revenue on the "affluent sections of society." Adjustments to income tax provisions for the poor will benefit 350,000 people, according to Mr Singh.

Increased taxes on luxury items such as colour television sets and cars will help to raise an additional Rs 4.45bn. (£261m), leaving a planned defeicit of Rs 36.5bn for 1986-87. This is higher than the Rs 33.16bn annaunced in last year's budget for 1985-86. But lower than the Rs 44.9bn outturn. Mr Singh said it was a "reasonable and non-inflationary" figure, but it was criticised last night by opposition parties.

The budget also contained some measures to help various sections of industry including *capital goods companies which* have been facink problems competing with imports.

Many industrialists had been hoping for more concessions and gave the budget a mixed initial welcome.

Mr Singh said India's Gross National Product is expected to have grown in 1985-86 by between 4.5 and 5 per cent, which was close to planned targets and an improvement on 1984-85's 3.5 per cent.

The major priority for the Government is to curb expansion of its budgetary deficit

Mr Singh warned recently that the country's five year plan allocations waould have to be cut if the people refused to accept unpopular *price* increases in commodities such as oil products and fertilisers which raise additional revenue for the Govetrnment.

Yesterday . however he announced an increase *of* 11.5 per cent in the Rs 200bn plan allocation for the coming year which already includes a Rs 20bn increase above original estimates to take account of inflation. The total therefore is 20.5 per cent above earlier budget estimates.

Mr Singh announced the Government's attempt to curb *the black economy had helped* to boost tax revenues by Rs 24bn (21 per cent) in 1985-86.

Madrid plans to boost economy

By David White in Madrid

THE Spanish Government, which yesterday announced price cuts for petrol and other oil products for the second time in three months, is planning to introduce two pieces of legislation this month aimed at stimulating the economy by channelling more funds into investment.

The measures outlined by Mr Carlos Solchaga, *the* Economy and Finance Minister, involve tax incentives for the development of pension funds and for venture-capital investments.

The venture-capital rules are expected to be introduced simultaneously with regulations for a new second-tier stock market which the Madrid exchange has been planning to set up, specifically geared to small and medium-sized companies.

Other measures foreseen by the government in the near future include simpler procedures and less red tape for setting up new companies, a reform of inheritance taxes, involving a higher level of exemption, and an export-promotion programme to be negotiated with the employers' organisation

In addition, Spain is due to remove some of the remaining limitations placed on foreign investment. These changes... part of Spain's adaption to the EEC, would mean lifting curbs on foreign stakes in sectors such as insurance, mining and refining, retaining restrictions only in defence idsutries and public services.

Announcement of theseries of reactivation measures was timed to offset the impact of the first lowering of Spain's import barriers to products from the rest of the EEC. From today, Spanish tariffs on industrial goods from the EEC are out by 10 per cent.

Marcos loyalists to defy Aquino rule

BY ALAIN CASS IN LAOAG, NORTHERN PHILIPPINES

THE MAN accused of plotting to assassinate Mr Juan Ponce Enrile, the Philippine Defence Minister, and other Government leaders, *reaffirmed his support* for Mr Ferdinand Marcos, the deposed president yesterday.

Speaking amid a surge of support for the former president, in his northern Philippine stronghold, Mr Rudolfo Farinas, mayor of the town of Laoag, said he and "fellow *Marcos* loyalists" would fight back against what he called the "de facto Government" of Mrs Corazon Aquino.

He denied, however, that he intended to assassinate Mr Enrile or other government leaders and told defiant die-hard Marcos supporters in the province of Ilocos Norte: "Let us fight back peacefully. Let us not take up arms."

Both Mr Fariñas and the vice-governor of the province Mr Roque Ablan, however said they would co-operate with the new government.

Mr Alban proclaimed himself governor of the province this week since his predecessor *Mr* Ferdinand "Bong-bong" Marcos Junior the ex-leader's 26-year-old son, fled to the US with his father.

Mr Ablan claimed, probably with justice, that he could have raised an army of 50,000 Marcos supporters to defend the ex-president in his palace but was told not to do so by the deposed leader.

Just before he was toppled. it was reliably reported that Mr Marcos considered the option of making a lost stand in Illocos but was dissuaded by the US.

Mr Fariñas, a senior member of the KBL, the former ruling party, was detained earlier in the week in Manila amid reports that two of the three cars in his party carried M-16 rifles and other weapons. Mr Fariñas said *yesterday, he was merely on his* way to pledge his support to Mr Enrile.

Mr Fariñas, speaking in *Laoag's baronial city hall* flanked by his wife and children and vocal Marcos supporters, said he knew nothing of reports that several senior generals opposed to President Aquino had gathered in the province to prepare counter attacks. Although the rumours are largely discounted Brig General Tomas Dumpit, the province's military chief, was no where to be found. One unconfirmed report said he had been arrested *by the new government.*

After the initial shock of Mr Marcos's departure supporters in his home province are clearly *regrouping for a political* comeback. One favourite to take over the party leadership is Mr Blas Ople, a former cabinet *minister*, sent *by Mr* Marcos to the US to seek support for the election.

Supporters of Mr Marcos are *bitterly angry at the foreign* press for portraying him as a ruthless and greedy dictator and at the US for letting him *down. Even Mrs Aquino's sup*porters recognised the strength of feeling in the north yesterday *when they* drove through *Laoag in a victory motorcade* with banners reading "Marcos is the hero, Aquino is the successor." Mr Marcos enjoys *almost beatific status in the* north.

Marcos loyalists in Illocos, where he won almost 98 per cent *of the vote, almost* certainly without fraud, want him to come back to live out the end of his days. Mr Farinas said yesterday: "We, *appeal to* the US to apply pressure to let him come back. He would not use force or lead a rebellion. *He would come back as an* ordinary politician."

The state-owned Philippine National Bank (PNB) was hit by a massive run yesterday as *a result of a local press report* that it faced closure by the new government of President Corazon Aquino, writes Samuel Senoren in *Manila*.

Thousands of depositors trooped to bank branches in central Manila and the pro*vinces to take their money* out or close their accounts.

The new Finance Minister, Mr Jaime Ongpin, and the central *bank governor. Mr* Jose Fernandez, said in separate statements that the PNB would not be closed but would instead be strengthened in line with planned reforms *in the financial sector.*

The government of former President Ferdinand Marcos had been under pressure to *merge PNB with another* government financial institution, the Development Bank of the Philippines (DBP) to *keep both banks viable*.

Both PNB and DBP are saddled with non-performing assets that account for as *much as 70 per cent of their* loan portfolio resulting in heavy losses

Renewed fall in C$ poses political challenge

THE CANADIAN dollar came under renewed pressure yesterday as foreign exchange markets shrugged off the deficit-cutting budget presented by Finance Minister Michael Wilson earlier this week, Bernard Simon writes from Toronto.

The fall in the dollar poses serious political and economic challenges for the Government, which has supported the currency aggressively in the past month. The authorities hoped the budget would reverse negative sentiment towards the dollar, allowing them to nudge down interest rates which were raised sharply earlier this year to contain the slide in the currency.

The Canadian dollar reached a low of 69.45 US cents yester*day morning, more than 2 cents* below its pre-budget level. Bank of Canada intervention lifted it slightly above 70 cents later *in the day*.

Mr David Cameron, senior foreign exchange manager at Toronto-Dominion Bank estimated that the central bank has spent around US$2bn (£1.34bn) defending the currency since it fell to a record low of 69.24 cents in early February.

Latin American nations to set up monitoring force

EIGHT Latin American nations yesterday agreed to the formation of a civilian peace-keeping force for the Nicaragua-Costa Rican border in an unprecended move aimed at securing a settlement in Central America, writes Jimmy Burns in Punta del Este.

The agreement, which came at the end of a three-day meeting of foreign ministers in this Uruguayan resort town, is the first concrete move to emerge from the peace initiative launched three years ago by the Contadora group of countires—Panama, Mexico, Colombia and Venezuela.

The formation of a peace-keeping force was proposed on Monday in the Nicaraguan capital of Managua as part of a broad agreement between the Nicaraguan and Costa Rican governments aimed at ending months of mutual hostility.

It has now gathered the support of the four *Contadora* countries and its support group of Argentina, Brazil, Peru and Uruguay.

Latin American *officials* explained yesterday that the force would take the form of a largely Latin American-composed *civilian commission* of observers

US trade deficit rises to record $16.5bn

By Stewart Fleming in Washington

THE US trade deficit hit a new monthly high, rising to $16.5bn (£11bn) in January, the Commerce Department reported yesterday.

The report sparked a pre*dictable political* response with Mr Malcolm Baldridge, Commerce department secretary, saying the Reagan Administration would welcome a further drop in the value of the dollar aimed at improving US competitiveness.

At the White House a spokesman repeated that signs of an improvement in the *trade figures* were expected to emerge in the second half of the year.

Some private economists however are arguing the deterioration in the trade deficit is only to be expected as a result of the dramatic fall in the value of the dollar over the past year which is making imports more expensive at a time when the value of exports has not picked up.

They suggested exporters to the US were cutting their prices and narrowing their profit margins in response to the dollar fall to maintain market share.

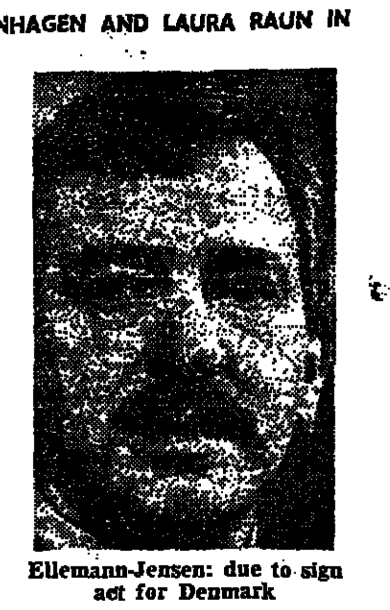
Yesterday the Commerce Department revised downwards to $14.9bn the deficit for December which was initially reported to have hit $17.4bn.

The latest figures will, however, tend to reinforce the arguments of officials within the Administration who are calling for efforts to push the dollar down further at a time when Mr Paul Volcker, Federal Reserve Board chairman, has indicated that he would prefer some stability in the financial markets after the dollar's recent sharp decline.

The value of US imports in January was $33.5bn up from $32.1bn in January and a monthly average of $30.1bn in 1985. Exports last month were $17bn, virtually unchanged from the December level but down 4.5 per cent from the monthly average of 1985.

Denmark, Italy and Greece to sign EEC reform package

BY HILARY BARNES IN COPENHAGEN AND LAURA RAUN IN AMSTERDAM



Ellemann-Jensen: due to sign act for Denmark

DENMARK, Italy and Greece yesterday *formally dropped* their objections to changes in the EEC's founding Treaty of Rome and agreed to sign the reform package already approved by the other nine member states.

The swift signing ceremony in The Hague last night was organised as soon as the outcome of the Danish referendum was known to be favourable on Thursday night.

The treaty amendments, incorporated in a Single European Act, *are intended to* streamline EEC decision-making, reinforce political co-operation between member *states and step up the involve*ment of the European Parliament.

Both Italy and Greece agreed to drop their *reservations once* the Danish result was clear and ensure the required unanimity among the 12 to change the *Community constitution*.

From Italy's point of view, that means swallowing *strong* opposition to the whole reform package because it is considered too feeble, rather than too radical.

In Denmark, however, Prime Minister Poul Schlueter, cockahoop after what he described as the "historic" referendum vote, appealed to the other EEC members not to rock the boat by seeking further reforms.

"There is a political obligation on all 12 members to abide by the compromise," he told a conference with foreign newsmen. He was referring to the compromise deal worked out by the heads of government in Luxembourg in December.

Mr Uffe Ellemann-Jensen, foreign minister, was due to sign the European *Single Act*, the legal instrument incorporating the Luxembourg reforms, in The Hague last night.

The final vote in Thursday's consultative referendum was 52.6 per cent in favour and 43.8 per cent against. The turnout of 74.8 per cent was considerably lower than is usual in parliamentary elections.

The prime minister claimed *the vote was an expression of* "very strong support for continued Danish membership of the Common Market." He said that about half of those who voted No to the reforms were nevertheless against withdrawal from the EEC, "so some 75 per cent or more must accept membership."

In the Hague, Mr Hans van den Broek, the Dutch Foreign Minister, welcomed the referendum result. "The result, which is still only provisional, justifies the hope that Denmark will *now* make its full *contribution* to the process of European integration," the statement said.

The Dutch Foreign Minister has *pressed hard for Denmark* to remain in the EEC, which the Netherlands keenly supports, and refused to postpone *the earlier signing by the nine* until after the Danish vote.

In Brussels Mr Jacques Delors, the President of the *European Commission*, welcomed the outcome of the Danish referendum. In a short statement he described the Yes vote as encouraging for all EEC citizens. "I am confident that the future development enabled through the new provisions in the treaties will turn out to serve the interests of the Danish population as a whole," he said.

Oil price fall to benefit Rome

By James Buxton in Rome

THE Italian Government has decided to channel the early benefits of the fall in crude oil prices to the Treasury.

The Cabinet decided on Thursday not to lower the *price of petrol in line with* the fall in the price of crude, and to take the difference in tax.

According to the formula by which petrol prices in Italy are calculated, the price per litre of petrol should have come down by L25 to L1,280 (56p).

By maintaining the price—at a level which makes it the most expensive in Western Europe—the Government expects to gain L900bn which will help keep down a budget deficit estimated at over L110,000bn (£48.5bn).

Dutch MPs give go-ahead for deployment of cruise

BY LAURA RAUN IN AMSTERDAM

THE DUTCH parliament voted 79 to 70 to accept 48 nuclear cruise missiles in the Netherlands in a quiet ballot early yesterday morning.

The vote to approve a five-year, US-Dutch treaty on the medium-range missiles was in line with expectations. The governing centre-right coalition had shown its ability to win approval during several earlier debates.

The parliamentary ballot, which ends six divisive years of delay over the deployment of the missiles, prompted none of the massive anti-missile demonstrations of years past and was actually overshadowed by a more emotional debate over the latest controversy, euthanasia.

The Christian Democrat-Liberal coalition won the vote with the help of three small, right-wing parties despite the expected defection of six Christian Democrats.

The opposition Labour Party, whose firm rejection of the missiles will be a major campaign issue in the May 21 general elections, failed to gather enough votes from other left-of-centre parties.

Mr Hans van den Broek, the Dutch Foreign Minister, reminded MPs that the arms-reductions proposals being exchanged between Washington and Moscow held out hope of *eliminating the missiles from* the Netherlands.

The Netherlands is the last of the five European Nato part*ners to take its share of th* 579 cruise and Pershing-2 missiles agreed upon in 1979.

Moscow rejects Reagan defence bill estimates

By Patrick Cockburn in Moscow

MARSHAL Sergei Akhromeyev, the Soviet Chief of Staff, yesterday strongly attacked President Reagan's estimate of Soviet defence spending as "absurd," but senior officials said Soviet dissatisafction on US disarmament proposals did not mean that there would be no summit meeting between the US and Soviet leader this year.

Earlier in the week Mr Mikhail Gorbachev, the Soviet leader, said there was no point to a summit meeting between himself and President Reagan if no substantive progress was made on nuclear arms reduction.

Marshal Akhromeyev said that going by President Reagan's figures, cited on US television on Wednesday the Soviet Union had spent 50 per cent of its budget on military needs for the last 15 years. "This is absurd," he said.

Diplomats in Moscow say that Soviet defence spending has probably been static at between 11 and 13 per cent of Gross National Product since 1976.

Mr Georgy Kornienko, the first deputy Foreign Minister, said President Reagan's proposals on the limitation of intermediate range nuclear missiles delivered this week contained no new elements and "does not *move things forward one milli*metre."

Earlier in the week the Soviet news agency Tass said the US had accepted the Soviet proposals on intermediate nuclear weapons reduction in principle only to reject them "in essence."

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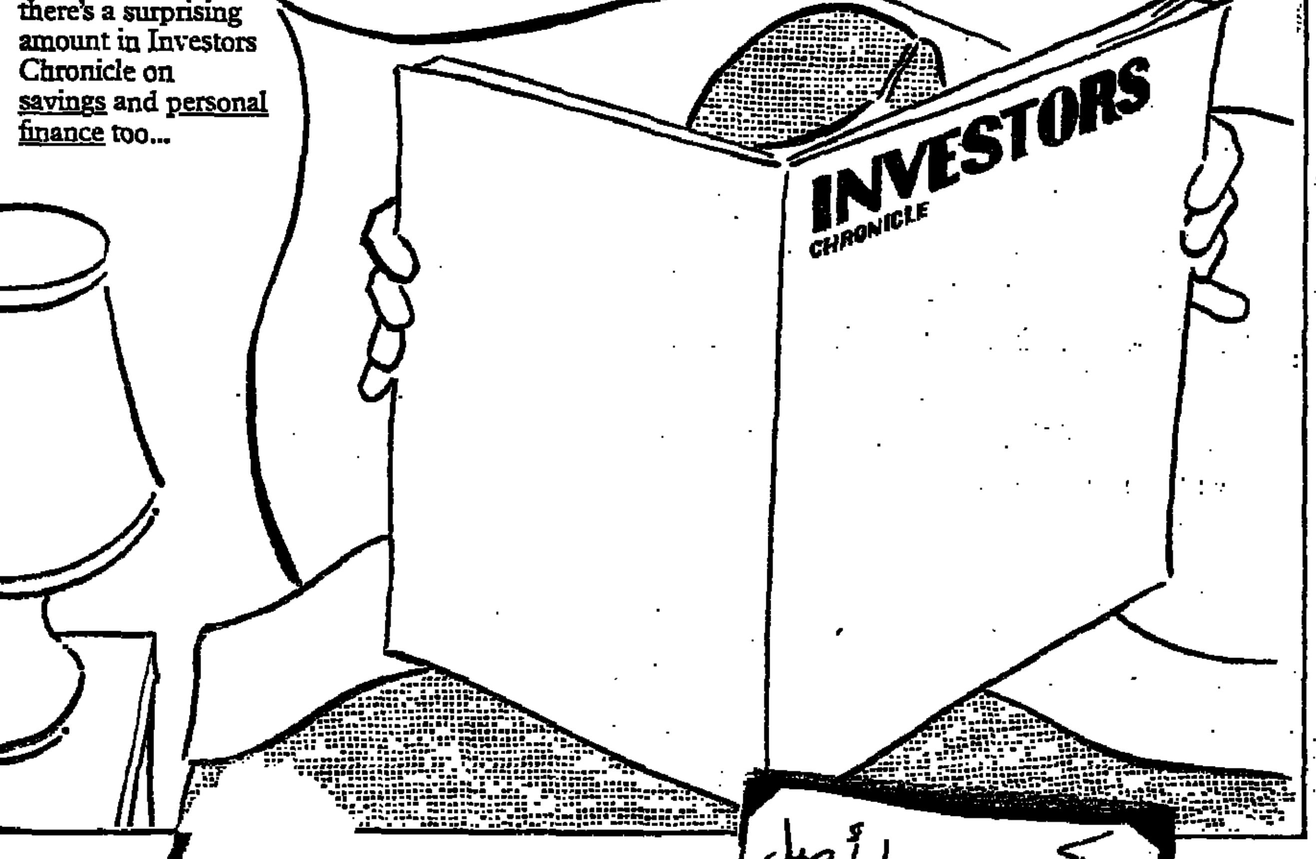

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Hong Kong Jockey Club's pride takes a heavy fall

David Dodwell on a scandal that has rocked the colony

THERE IS an old and irreverent saying in Hong Kong that the territory is run by the Royal Hong Kong Jockey Club, the Hongkong Bank, and the Governor—in that order of importance.

This is, of course, a distortion of the truth. But it goes some way towards explaining the extraordinary level of shock felt over the past week as investigations by the Independent Commission Against Corruption (ICAC) into race-rigging have led to 22 arrests, the suspension of leading jockeys and a trainer, the dismissal of one of the club's most senior officials, and disruption of the two most illustrious events of the racing season.

The 101-year-old Jockey Club is one of the territory's leading civic institutions, counting among its stewards the most prominent men and women in the territory, making contributions to almost 50 charities, paying betting duties out of its monopoly on gambling that account for 8 per cent of the Government's recurrent income, and providing work for almost 12,000 people.

The ICAC, which was set up with wide-ranging powers in 1973 after scandals linked the police with local triads, has shrouded investigations in secrecy and threatened dire punishment against anyone identifying men now released on bail. No charges have yet been brought, and none are expected for perhaps two months.

Meanwhile, the territory is buzzing with gossip about "the cancer" that spread into the club, about voting members who are "helping police with their inquiries," about the shadowy "Mr Fixit" whose legendary Shanghai syndicate with links into Australia's criminal underworld is now supposed to have been smashed, and about how dim a view Peking is likely to take of the affair.

To understand the shock, it is important to understand the fanaticism of many Hong Kong men towards gambling and horseracing. One has only to be caught once on a Saturday lunch at Kowloon Tong railway station, as up to 50,000 punters converge on their way to the Shatin racecourse in Hong Kong's New Territories. With their racing papers rolled tight like batons in their fists, and pocket radios stuck to their ears, they give an unforgettable impression of the nearest Hong Kong has to a national cult.

In 66 race meetings last year, punters in this territory of just 5.5m people bet HK$19.7bn (£1.8bn) equivalent to HK$3,500 for every man woman and child in Hong Kong. After 83 per cent went back to them in the form of winnings, the Government reaped HK$2.3bn in tax, while HK$464m was earned for charity from what has always been a non profit-making organisation.

Among the amenities that have come from the pockey club's gambling monopoly are Victoria Park, dozens of medical clinics, hospitals, an international-standard sports complex, a town hall, the ocean park outdoor adventure park and the HK$300m Hong Kong academy for the performing arts.

Since 1846 when racing was first recorded, Hong Kong has seemed an improbable home for horse-racing. No racehorses can be bred in Hong Kong or China because of a calcium deficiency in soil throughout the country. Fodder has to be imported from the US and Australia to feed the 840 horses stabled in air conditioned quarters either a t Shatin, or the original Happy Valley course.

The improbability is even greater when one realises that Hong Kong's giant northern neighbour has outlawed horse-racing since the Communist defeat of Chiang Kai Shek's nationalist government in 1949.

The only previous racing scandal on a similar scale erupted in 1971, when the discovery of carrots laced with drugs in a race horse's stable led to the imprisonment of a leading local jockey said to be at the centre of a major doping racket. Within months of the scandal emerging, the Jockey Club had decided to make racing professional, with increasingly strict supervision.

This latest inquiry into race fixing has evidently been going on for two years. The Jockey Club has been co-operating secretly with the ICAC for six months, with undercover investigators working as stable boys.

Gossip about syndicates fixing the outcome of races has been common fare among punters for several years. It seems the Jockey Club had its own suspicions, but lacked the evidence to take action. The sudden departure of Mr Paddy Young, a young British jockey, last year after an unexpected victory is understood to have provided an important breakthrough.

Mr Paddy Young made a statement to ICAC officers before leaving Hong Kong.

Action by the Jockey Club has been swift. Mr Brian Sullivan, its senior stipendiary steward, has been dismissed. Eleven jockeys have been suspended—nine of them to the end of the season. One of the territory's leading trainers has also been suspended f

As a result, the two main events of the season have been turned upside down. Seven of the top 10 jockeys are suspended, including Mr Gary Moore, the champion jockey who in 1981 won the Prix de L'Arc de Triomphe at Longchamps in France. Last week's HK$500,000 Derby classic was littered with apprentice riders. Today's special challenge cup arranged for a visiting team led by the legendary Lester Piggott will also be contested by a local reserve team.

Officials insist the purge will be for the better. They have been seen to be taking firm moves to keep clean a sport that worldwide is notoriously corrupt. Local punters can be cheered that the 82 per cent of takings returned in winnings will today be spread more honestly and evenly among them. Until another "Mr Fixit" emerges, that is.

HK court told of 'criminal conspiracy'

By a Special Correspondent

A PARTNER and a manager of Price Waterhouse, the international accounting firm, were "parties to a criminal conspiracy" to defraud shareholders and creditors in Carrian Investments, the now-bankrupt Hong Kong company, Crown prosecutors alleged in the Hong Kong High Court yesterday.

Mr David Begg, a partner in Price Waterhouse in Hong Kong, and Mr Anthony Lo, a manager for the company, have both pleaded not guilty to a charge of conspiracy to defraud shareholders and creditors in Carrian.

Mr Lionel Swift, counsel for the prosecution, told the court on the second day of what is likely to be at least a nine month trial, that Mr Begg and Mr Lo had been guilty of "a catalogue of deficiencies . . . an abandonment of standards, a repudiation of duties" in their audit of Carrian's 1981 accounts. Carrian collapsed late in 1983 with debts amounting to at least HK$108bn.

Mr Swift said Price Waterhouse was, "not some fly-by-night firm of accountants," but "a firm with the most stringent guidelines, stringent procedures, proper practices." However, Mr Begg and Mr Lo had fallen short of these standards in the treatment of 10 transactions in Carrian's 1981 accounts, he said.

There was, he alleged, "a decision . . . to stop audit work short of the point where one more inquiry would have exposed the fictitious nature of these transactions

Mr Begg and Mr Lo are charged alongside Mr George Tan, formerly Carrian's chairman, Mr Bentley Ho, an executive director in the company, and the brothers Rogerio and Stephen Lam, whose Bylamson Group of companies was one of Carrian's major business partners, all plead not guilty to the charges.

Mr Swift alleges that Mr Tan and Mr Ho created artificial or spurious business deals to inflate Carrian's 1981 pre-tax profits from a true HK$142m to a published figure of HK$762m, mainly to support the stock market value of the shares.

Mubarak dismisses minister after riots

By Roger Matthews in Cairo

EGYPT'S Minister of the Interior, Mr Ahmed Rushdi, yesterday became the first political victim of this week's widespread rioting by members of the Central Security Force in which nearly 40 people have died.

His dismissal by President Hosni Mubarak underlined the complete failure by Egyptian intelligence services to detect serious discontent among conscripts serving in the CSF.

Mr Rushdi was immediately replaced by Maj Gen Zaki Badr, who worked in the police investigation and security services after graduation from police college in 1946 until his appointment in 1982 as Governor of the province of Assyut.

Maj Gen Badr takes over responsibility for the CSF, which is certain to undergo extensive reorganisation before being allowed to resume its former duties and may even be disbanded.

Dozens more members of the CSF, which destroyed two luxury hotels near the pyramids on Tuesday night, surrendered to army units yesterday after further exchanges of fire. Over 2,500 have now been arrested. The shooting forced President Mubarak to cut short his visit to the scenes of worst devastation and to abandon a planned meeting with journalists.

However, the curfew in the rest of Cairo was lifted for six hours to allow people to attend Friday prayers. Mr Ali Lotfi, the Prime Minister, has promised a further relaxation of the curfew as life in the capital slowly returns to normal, but schools and universities will not reopen for another week.

The length of time that it is taking the authorities to re-establish full control is serving to fuel speculation about the political future of the Prime Minister. He is recognised among senior officials as a competent academic economist, but in the five months he has been in office few have been impressed by his political skills or his ability to control Cabinet members.

Field Marshal Abdel Halim Abu Ghazala, the Defence Minister, who is widely considered to be the second most powerful man in Egypt, has yet to comment on the events of the week.

Louis Fares adds from Damascus: Syria President Hafez Assad yesterday supported the rebel Egyptian forces and called on Mr Mubarak, whom he dubbed "my brother," to halt the revolt by scrapping the US-sponsored Camp David peace accord with Israel.

Slabbert calls for genuine dialogue

BY ROBERT MAUTHNER, DIPLOMATIC CORRESPONDENT

DR FREDERICK Van Zyl Slabbert, who resigned as leader of the white South African opposition Progressive Federal Party three weeks ago, believes that parliamentary strategies for change in his country are no longer a realistic option.

Dr Van Zyl Slabbert, who is in London for the launch of his book "The Last White Parliament," showed no regret for taking a step which shook the South African political establishment, in a lecture to the Royal Commonwealth Society yesterday.

He emphasised that the present parliamentary institutions in South Africa, based on apartheid, could not provide the kind of structures needed to promote a genuine dialogue between the white and black communities.

Indeed, the present tricameral constitution, with separate chambers for whites, asians and coloureds, was "the biggest single obstacle" to a dialogue with extra-parliamentary groups which could never be represented in Parliament.

The tricameral system had reached such a low level of credibility that his own opposition party found it impossible to recruit people to participate in the system. The non-whites who did agree to participate were, by definition, people who agreed to co-operate with the government. They were not representatives of opposition groups.

"You therefore have to look for extra-parliamentary ways of promoting a dialogue," Dr Van Zyl Slabbert said. But he strenuously denied that he was going to found a new extra-parliamentary movement for the moment, or that he was going to cast himself in the role of "the great white mediator."

Dr Van Zyl Slabbert said he intended to make contact with as many extra-parliamentary representatives as possible in order "to find out who they are." He had already had talks with many black representatives, including those of the banned African National Congress (ANC) in Lusaka and London.

Dr Van Zyl Slabbert: no regrets

"I am still vitally interested in promoting negotiations," he said. Once he had completed his exploratory mission he would decide what steps to take to bring about such negotiations between the white authorities and the black community.

An essential pre-condition for a dialogue between the various groups making up the South African population was the complete abolition of the country's apartheid structures. There could be no dialogue or negotiations as long as the government had not restored every citizen's freedom of choice where to live, where to work or where to educate his or her children.

A second necessary step was the lifting of the present bans on political and other organisations. "Unless the authorities do this, they won't know who to talk to."

The Last White Parliament, published by Sidgwick & Jackson, £10.95.

Saudi Arabia seeks talks between all oil producers

BY RICHARD JOHNS

SAUDI ARABIA is seeking talks between members of the Organisation of Petroleum Exporting Countries and other producers to prevent what Sheikh Ahmed Zaki Yamani yesterday described as "disaster" resulting from the collapse of oil prices.

At the end of a five-day visit to Tokyo the Saudi Minister of Oil said he intended to invite them all to join a dialogue. He expressed the hope that a meeting could take place after the full ministerial conference planned for Geneva in mid-March.

Sheikh Yamani also predicted that the price of some widely-traded crudes might drop $10 per barrel briefly before recovering but gave no indication when they might drop to such a level.

That could involve cessation of production in some of the world's more expensive operating areas, he warned.

His call for a dialogue with non-Opec producers after the Opec conference planned—but still not definitely arranged—to start in Geneva on March 16 appeared to be a counter to an Iranian proposal.

Tehran has been pressing for a wider gathering to take place before any formal Opec gathering.

Famine 'threatens 19m people' in Africa

By Michael Holman

AN ESTIMATED 19m people in Africa—nearly two thirds of them in Ethiopia and Sudan—remain "seriously threatened" by the consequences of famine and drought, Mr Bradford Morse, head of the United Nations office which co-ordinates international assistance for the continent, warned yesterday.

Speaking at a press conference in London, Mr Morse said the situation was nevertheless "vastly better" than when the office was established in January 1985 and 35m people were "severely at risk." An emergency programme had raised $3bn (£2bn) out of the estimated $3.3bn required, he said, but renewed support for the 1986 aid target was urgently needed.

Mr Morse, who in Paris earlier this week briefed officials from the Organisation of Economic Co-operation and Development (OECD), said that unmet aid requirements for this year came to $680m.

In Ethiopia and Sudan, where 11.5m people were at risk, there was a real danger that the conditions of last year could be repeated if food, medical and other aid was not in place before the rains due in May and June made transport difficult or impossible.

Other countries severely affected are Mozambique and Angola and aid efforts in all four nations are complicated by guerrilla wars. Botswana and Cape Verde also require special assistance, say UN officials.

The UN Office for Emergency Operations in Africa is due to close at the end of June, but Mr Morse said yesterday that there was a case for extending its life, albeit on a scaled down basis. Aid officials have argued strongly that such a move would be premature and Mr Morse said that the final decision would be taken after a further round of consultations with Mr Javier Perez de Cuellar, the UN secretary general.

Nigeria set to reopen borders after two years

NIGERIA, black Africa's major economic power, plans to reopen its land borders after a closure of nearly two years, Reuter reports from Lagos.

A senior immigration official said yesterday the Interior Minister, Lieutenant-Colonel John Shagaya, would announce the reopening in a national radio and television broadcast.

In Niger, Nigeria's neighbour to the north, officials said the decision to open the borders had been communicated to the government.

The move would be the outcome of intense diplomatic pressure by neighbouring states on the military authorities in Lagos to facilitate freer movement of people and goods in the region, a Ghanaian diplomat said.

West African states which depend on Nigeria for food and fuel supplies have been hard hit by the closure.

The borders were shut during a bank notes changeover in April 1984 in a surprise move by the now ousted government of General Mohammed Buhari to cripple trafficking in the Nigerian currency, the naira.

They have remained closed to check smuggling, reopening only briefly last May to let out thousands of illegal immigrants

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Holocaust trial grips Israelis

TRAUMATIC memories of the Nazi holocaust, in which an estimated 6m Jews perished, were revived yesterday with the arrival in Israel of Mr John Demjanjuk, a Ukrainian-born former guard at the Treblinka death camp in Poland, reports Andrew Whitley from Tel Aviv.

Mr Demjanjuk, who was stripped of his US citizenship in 1981, lost his last appeal against extradition to Israel to stand trial for war crimes earlier this week.

This will be the first trial in Israel of an alleged Nazi war criminal since the trial and execution of Adolf Eichmann in 1961.

Demjanjuk arriving in Israel yesterday

Government officials in Israel argue the trial will be a lesson for the younger generation — most Israelis have been born since the war — as well as a counter to some historians' recent attempts to diminish the scale of the holocaust, or suggest it never took place.

Stringent security precautions were in force at Ben Gurion international airport when Mr Demjanjuk, escorted by two US marshals, arrived from New York on an El Al flight on Thursday.

An armoured bullion car took the 65-year-old retired car worker the short distance to a maximum-security prison at Ramleh, where he is being held.

The cost of the security operation, codenamed "justice," is put at $3.5m.

Over the next six to eight weeks Mr Demjanjuk, who has denied the charges against him, claiming he is a victim of mistaken identity and a KGB frame-up, will be interrogated by a team of Israeli Justice Department investigators. They will then prepare a formal indictment for the trial itself.

About a dozen Treblinka survivors are still alive in Israel and they are expected to be key witnesses to the allegations that Mr Demjanjuk was the man known to the inmates as "Ivan the terrible."

He is alleged to have operated the diesel engines which turned on the carbon monoxide gas in the death chambers, killing an estimated 900,000 Jews. Survivors also claim he brutally beat and whipped the naked victims as they were herded into the chambers.

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Unionists seek backing for Ulster strike

BY MARGARET VAN HATTEM, POLITICAL CORRESPONDENT

UNIONIST LEADERS are planning rallies and meetings across Northern Ireland at the weekend to win support for a 24-hour strike on Monday, called in protest at the Anglo-Irish Agreement.

Strains in the Unionist leadership surfaced yesterday, however, as the Rev Ian Paisley, leader of the Democratic Unionists, threatened that those who failed to support the strike could be blacklisted.

Mr James Molyneaux, leader of the Official Unionists, insisted that there should be no pressure on anyone, and that to be effective the strike should be seen to be spontaneous.

The two leaders issued a directive to those planning to strike, calling for a peaceful demonstration within the law. They would take no responsibility for anyone who breached their guidelines.

A working document produced by the strike organisers includes among their aims the closure of Belfast's airports, Larne harbour, railways, bus services, motorways, all factories, offices, shops, schools and petrol stations, government and council offices and power cuts between 7 am and 7 pm.

Proposed action includes convoys of tractors and other farm machinery to isolate selected centres, convoys of cars to block major roads, pickets on factories and other places of work, and province-wide leaflet distribution.

The Government has issued instructions to all civil servants, advising them to walk to work if necessary if they live within four miles, otherwise to report to the nearest government office.

Mrs Margaret Thatcher, the Prime Minister, yesterday urged unionists to think twice about supporting the strike. In a letter to Dr Robert Eames, the Church of Ireland primate, Mrs Thatcher said the strike would not only hurt the people of the province, but further erode British support for the union.

Mr Paisley dismissed the Government's warnings as "hypocrisy and duplicity that have never been exceeded—not even by Satan." It was the Government that was intimidating the people of Ulster. There would be intimidation by strike organisers, he insisted.

"But we shall know on Monday who are the real friends of Northern Ireland. If anyone opens on Monday I'll not be doing business with them again. And any employer who suggests that his employees may suffer if they participate in the strike will go on the black list."

Several employers' organisations, including the Confederation of British Industry and the Northern Ireland Chamber of Commerce, have opposed the strike as have a number of unions including the heavy engineering unions and the Irish Confederation of Trade Unions.

Brittan steps up Tory campaign against Alliance

BY PETER RIDDELL, POLITICAL EDITOR

MR LEON BRITTAN, the former Trade and Industry Secretary, developed the Tory Party's campaign against the Alliance in his first important political speech since his resignation five weeks ago.

Addressing Conservative businessmen in Hampshire, Mr Brittan said "a great deal more change is necessary if the process of revival is to be completed. None of that further change will take place if the Alliance is in a position to stymie a Conservative government."

He argued that the middle path meant bland policies and avoiding difficult choices. Instead, he said, difficult decisions were needed since "until we have theprosperity of the Germans, the self-confidence of th French, and the dynamism of the Americans, our revival will be incomplete."

Mr Brittan listed four big changes achieved by the Government—the conquest of inflation, restoring "sanity" to industrial relations by limiting the power of union leaders, rolling back the frontiers of state ownership and power by privatisation, and the encouragement of home ownership through the right-to-buy policy.

Mr Brittan said the tasks that remained, such as reforming social services, the rating system and education, would be no less controversial.

BETRAYED!


© Photo by Brian Gunn.

The Government's proposed new legislation on animal experiments will still allow animals to be burnt, blinded, scalded, crushed, frozen, poisoned to death and exposed to radiation in British laboratories. Experiments on animals to test cosmetics, weedkillers, household products and tobacco substitutes will be allowed to continue unabated.

YOUR MP will be voting on this Bill - the Animals (Scientific Procedures) Bill. Make sure your MP knows YOUR views.

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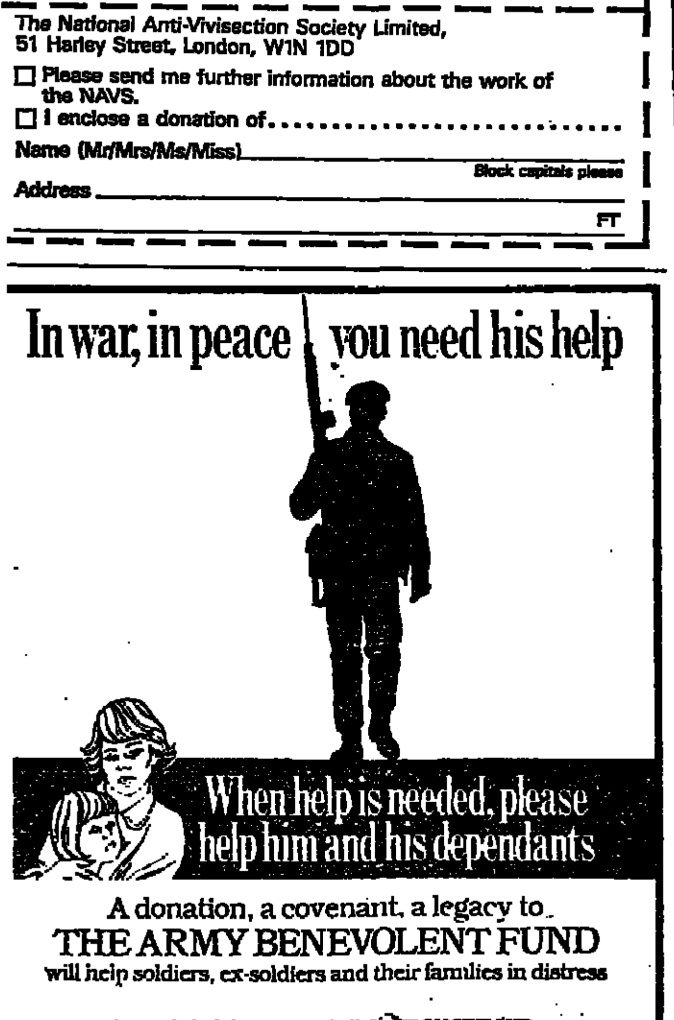

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Labour ban on tobacco sponsors of arts pledged

By Kevin Brown

A LABOUR government would ban sponsorship of the arts by tobacco companies, Mr Norman Buchan, the shadow Arts Minister, said yesterday.

Mr Buchan told the Commons it was an "incredible illogicality" for the Government to spend taxpayers' money on anti-smoking campaigns while encouraging tobacco companies to improve their image by sponsoring arts events.

He made clear, however, that a Labour government would also be committed to replacing any jobs lost in tobacco production as a consequence of the ban.

Mr Buchan's announcement, during a debate on business sponsorship of the arts, follows a similar pledge by Mr Frank Dobson, the shadow Health Minister, to ban tobacco sponsorship of sports events.

Mr Richard Luce, the Arts Minister, said tobacco companies had contributed some 10 per cent of the £20m of arts sponsorship in the last year. It was for arts organisations to decide for themselves whether to accept sponsorship from tobacco companies.

Mr Luce also told MPs that government funding of the arts would be held level in real terms.

Grants would be kept in line with inflation but any expansion would have to come from private sources.

He said: "It would be quite wrong for the Government to monopolise arts funding. It is far better that the arts pursue a multiplicity of ways of growth in which self help is the key."

Mr Luce was asked by several MPs to confirm that the Government planned changes to the tax laws to give companies more incentives to donate to the arts.

Receiver for light bulb maker

By Robin Reeves

DRAGONPOWER, of Ammanford, west Wales, a light bulb making venture, has gone into receivership. It was set up three years ago with £500,000 financial backing from the Welsh Development Agency and last summer received a further £100,000 from the agency.

The agency said the company had run into cash flow problems because of delays in customers accepting orders and had no option but to call in the receiver.

The receiver, Mr David Lovett, of the Cardiff office of Arthur Andersen, chartered accountants, hopes to sell the business as a going concern.

When Dragonpower was launched British Lighting Federation member-manufacturers protested that the agency's support represented unfair competition in an industry under intense import pressure. At the time, it was insisted that the Ammanford factory's output would substitute for light bulb imports from eastern Europe.

Finnish group to build UK ammonia plant

Financial Times Reporter

KEMIRA, the Finnish fertiliser group, will build a 200,000 tonne ammonia plant in the BP Chemicals industrial complex near Hull. The companies have signed a letter of intent on the joint project.

BP Chemicals is expanding its vinigar acid plant. It produces hydrogen and nitrogen as byproducts, and these will be sold for use at the ammonia plant which will be run by L&K Fertilisers, Kemira's British subsidiary.

About half the output will be exported to Finland, with the rest being sold to other countries in western Europe. The plant will be completed in autumn 1988.

Max Wilkinson and William Hall on one effect of falling oil prices

BP acts to stop Standard's slide

THE DECISION by British Petroleum to despatch two of its brightest young executives to take charge of Standard Oil of the US is a telling example of the anxiety with which big oil companies are calculating the effects of falling oil prices.

BP, which owns 55.5 per cent of Standard was careful yesterday to explain that the move did not pressage a full takeover and that th esacking of Standard's chairman, 58-year-old Mr Alton Whitehouse, was done with the full agreement of the US "outside" directors.

But the terse announcement that Mr Whitehouse is to leave his $868,000 (£590,000)-a-year job was the culmination of several years' anxiety in BP about the way its US subsidiary was being run.

The fact that it was prepared to send out its ambitious managing director, 46-year-old Bob Horton, to head Standard, suggests that it wants to keep in very much closer touch from now on.

The linkage will be strengthened even further by the transfer of Mr John Browne, BP's 38-year-old group treasurer, to be chief financial officer of the beleagured US oil company.

Last year Standard contributed almost exactly half of BP's after-tax profit of £1.5bn. However, the continuing problems of Standard were evident in the £640m of write-down — to a large extent because of continuing losses at its Kennecott copper mines in Utah.

Standard's future now looks fairly bleak. Kennecott is not expected to move back into profit until 1989.

This loss-maker has gobbled up a big slice of the profits which Sohio (as it was called until recently) made from its highly successful development of Alaskan oil.

This has been the significant part of its production and exploration effort, which has contributed a steady £2bn or so of operating profits since 1982.

The fall in oil prices has changed this picture radically. The total cost of Alaskan oil including transportation is about $11 to $12 a barrel.

This leaves very little profit at current crude oil prices. Yesterday's price of under $13 a barrel for a May cargo of North Sea crude is a highly uncomfortable pointer to the future.

Yesterday in London, Mr Peter Cazalet, recently appointed deputy chairman of BP, said: "The scene has changed radically in the last three months.

"If you are thinking about what may happen to the oil price it is obvious that all companies must take a very good look at their operations and their capital expenditure and exploration budgets."

He said there had been worries for some time about the leadership of Standard, its unsuccessful attempts to diversify and the lack of success of its efforts to find new reserves of oil. Standard's "finding" costs, put at $18 to $19 a barrel, were among the highest in the industry.

There were also worries, he added, about the general morale of the company after a redundancy scheme last year in which 1,300 jobs were shed. Too many of the better people had left at this time.


Robert Horton: Wants closer links

"Now what the company needs is good leadership at the top," he said.

Wall Street analysts who follow Standard said they had sensed the growing tension over the years between Standard and its UK parent.

There is known to have been considerable anxiety among Standard's workforce in Houston and Cleveland about BP's plans for its US subsidiary, which has never lived up to expectations.

The contrast between Royal Dutch/Shell's US subsidiary, Shell Oil, and BP's US operations could not be more marked. Shell Oil is regarded as one of the most professional and successful companies in the US oil business, while Standard has long been regarded as a company which has never been able to capitalise on its fantastic dowry of huge Alaskan oil interests.

BP's interest dates from the late 1960s when BP discovered what has turned out to be America's biggest oil field at Prudhoe Bay on Alaska's North Slope.

At the time, BP did not have substantial refining and marketing interests in the US, and Standard with its sizable refining and marketing operations, but very small producing operations, was a good strategic fit.

BP's Alaskan interests transformed Standard into one of the biggest producers of oil in the US. Only Exxon and Atlantic Richfield produce more US oil than Standard Oil, and it has the biggest US oil reserves of any company in the world. In terms of US natural gas reserves it ranks sixth in size.

Since the Alaskan oil started flowing in the late 1970s Standard has generated profits of well over $10bn.

Today, Prudhoe Bay production dominates Standard's earnings, contributing 96 per cent of its operating income. However, Prudhoe Bay's reserves are declining and production is expected to fall after 1987. Clearly, this is what is worrying BP.

Yarrow yard plans 310 job cuts

BY ANDREW FISHER, SHIPPING CORRESPONDENT

YARROW SHIPBUILDERS, the Clydeside warship yard owned by General Electric Company, yesterday said it was proposing to shed 310 jobs out of its 4,700 workforce, because of inadequate new orders.

GEC said the cuts had been put to the unions, which were told competition among UK warship yards for Defence Ministry business was extremely tough.

The yard, for which GEC paid £34m last year and outbid Trafalgar House, recently lost a £300m order for three diesel-electric submarines to Cammell Laird, the Merseyside yard being sold with Vickers Shipbuilding, Cumbria.

Trafalgar this week bid for Vickers and Cammell Laird against a consortium comprising the yards' managers and employees, and financial institutions. The Government is considering the bids. That of Trafalgar is thought to be about £80m, well above earlier estimates. The results should be known next week.

GEC said Yarrow, bought from state-owned British Shipbuilders under the Government's privatisation policy, needed to cut overheads to make it more competitive for UK and overseas naval work.

The yard is building two Type 22 frigates, one of which is due for delivery this year. It has also tendered for two of the Type 23 frigates of the next generation. These should be announced in June, but Cammell Laird and Swan Hunter on Tyneside are also in the running and GEC said competition was fierce.

The yard delivered HMS Brave, also a Type 22 frigate, to the Royal Navy on February 20. It is building the prototype of the Type 23 range. The present reduced order book was not enough to sustain present employment, unions were told.

● Cummins Engines yesterday announced 159 redundancies at its Darlington, Durham, plant. The company said the job losses were caused by cancellation of a big Mexican order for engine kits. It is hoped the jobs will go as voluntary redundancies.

Channon reassures over Land Rover

BY PETER RIDDELL, POLITICAL EDITOR

MR PAUL CHANNON, the Trade and Industry Secretary, yesterday sought to offer reassurance about the Government's attitude to the sale of Leyland Trucks and Land Rover. The Labour Party has claimed that possible approaches from the Lancashire and West Midlands Enterprise Boards have been officially obstructed.

Addressing a party meeting in Southend, Mr Channon said the offer from General Motors provided one solution to the difficulties of the companies. However, he was careful to add the Government welcomed the way in which several other parties had come forward to express an interest in acquiring parts of BL.

He said that each option would receive careful consideration before a decision was reached.

However, Mr Roy Hattersley, the shadow Chancellor, told a party meeting in Sheffield that the Government had blocked "a genuine attempt to keep BL British—an attempt being investigated by the West Midlands and the Lancashire Enterprise Boards."

Stressing his own commitment to retaining BL in government ownership, Mr Hattersley said the two boards were incestigating a number of schemes by which a British buy-out could be financed.

"One of them is to be run in conjunction with Land Rover management," he said. "Another involved the active co-operation of the Confederation of Shipbuilding and Engineering Unions in the north west."

Market 'buoyant' for BSC coated steel

BY ROBIN REEVES

DEMAND for the British Steel Corporation's pre-finished steel—steel strip coated with organic paint or plastic—has almost doubled over the past five years, according to Mr Eric Cotterill, director of coated products operations.

At a ceremony to mark BSC's production of 2m tonnes of coated steel at Shotton, north Wales, Mr Cotterill said the market for pre-finished steel was the most buoyant in UK steel.

It had an annual growth rate of between 5 per cent and 7 per cent in recent year, peaking at 12 per cent in 1984.

Demand is strongest from the construction and domestic appliance industries, typical uses being wall and roof claddings, and the body casings of washing machines

BSC's five organic coating lines, spread from Shotton to Swansea and Ebbw Vale, south Wales, process some 5,000 tonnes a week.

Mr Cotterill said the lines would become even busier in teh years ahead, because they offered fabricators the opportunity to eliminate expensive pre-treatment and finishing of their steel, reducing manufacturing costs.

The 2mth tonne of BSC coated steel was handed over to building fabricators Ward Bros (Sherburn) of Yorkshire.

Talks on cutting UK-Ireland air fares

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

cutting air fares between Britain and the Irish Republic will be held by officials of the two countries over the next few weeks, following an initial meeting in Dublin yesterday between Mr Michael Spicer, UK Aviation Minister, and Mr Ted Nealon, the Irish Communications Minister.

The talks indicated that the Irish Government supported Britain's efforts to achieve an extended open skies policy in Europe as a whole, as well as between the UK and Ireland. Both ministers agreed that further liberalisation of Anglo-Irish aviation activities would be beneficial.

The talks are a continuation of Britain's wide-ranging efforts to win cheaper air travel throughout western Europe. Open Skies pacts exist with The Netherlands, Belgium and Luxembourg. Other, less far-reaching agreements, exist with West Germany, Switzerland and France.

Insurance sales curbs under fire

By Eric Short

THE Institute of Chartered Accountants in England and Wales is opposed to proposals on the categorisation and control of people selling life assurance and unit trusts.

The accountants' body attacked proposals issued last December by the Marketing of Investment Board Organising Committee—the body handling the marketing of investments under Financial Services Bill investor protection proposals.

A central theme of the Miboc proposals was that any person selling or advising on life assurance and unit trusts must be either an independent intermediary or a company representative selling the products of just one life company or unit trust group.

This approach has aroused considerable controversy withn and outside the life assurance and unit trust industres. It would mean accountants having to decide whether to link with one insurance company or operate a fully independent insurance marketing operation.

The submission points out that the crucial factor in determining the status of an intermediary is the capacity in which he acts: chartered accountants are agents of their clients and have a duty to use skill, care and diligence on their clients' behalf.

Miboc was concerned that many professional firms giving advice on life assurance and unit trusts, particularly the smaller ones, select from just three or four companies.

Jobs go as Liverpool container base shuts

THE 17-YEAR-OLD privately owned Liverpool Inland Container base at Aintree closed yesterday with the loss of 103 jobs.

Of the 62 registered dockers 25 have taken voluntary redundancy with enhanced £25,000 severance pay.

The others have been re-allocated to the newly formed Port Employers Association.

The 41 clerical and ancillary staff have all accepted redundancy after an unsuccessful month-long unofficial strike to save their jobs.

Austin Rover profit

A STATISTICAL error led to Austin Rover's £0.6m operating profit in the first half of 1985 being quoted as a £26m operating loss in the Financial Times on February 24. The £26m figure referred to BL's first-half loss in the previous year.

Rush into long-johns to beat the big freeze

By Walter Ellis

SELL GOLD; buy long-johns. As Britain continues to suffer from the cold — it has been the second-coldest February this century — the smart money is moving into underwear and other winter-warmers.

At Harrods, the rush is on. Everyone wants warm clothes. Spring is so obviously not in the air that young men's fancies are turning to brushed-cotton pyjamas.

"Ear-muffs, and other fur accessories, are doing extremely well," the top people's store reveals. "Spring purchases have hardly begun. People are still buying heavy-weight goods."

Elsewhere it is the same. On farms the cold has bitten eight inches into the soil.

Frost-kill stalks the meadows. Seed is under attack, and early corn — among the hardiest of annuals — is threatened by a shift in the lie of the land that can break the connection between roots and leaves.

The sole beneficiary is likely to be the European Community coffers. With less corn ripening, less will be available as surplus to be sold into intervention.

Keeping the country warm with temperatures averaging −1° C (30°F) at midday is a big undertaking.

British Gas has a statutory obligation to meet the demands of customers, no matter what, and keeps the home fires burning by the release of huge quantities of gas stored up during the summer.

Liquid gas occupies only 1/600th of the space occupied by the same amount of gas. Accordingly, coastal gas fields, once wholly or partially depleted, are now being refilled with the liquid variety in summer — using gas from less-accessible fields in the North Sea — and then emptied in the winter.

Demand for gas soars six-fold in winter. On Thursday the daily output reached a record 9.107bn cu ft. British Gas is used to the situation and traditionally plans ahead for a "one in 50" winter.

If only British Rail were similarly unaffected. However, this year, in spite of the severity of the cold, performance is no worse than usual. Some points did freeze "because of the effect of the weather on the heaters," but most did not.

There have been no tales so far of commuters, like Napoleon's army on the retreat from Moscow, abandoning their trains and struggling single-file towards home.

Construction has been the hardest-hit industry. Normally in winter there are lay-offs and hold-ups. This year, activity has also ground to a halt.

Wimpey reports that no "wet-work" at all is taking place. That means no concrete pouring, no bricklaying, no plastering, and no interior rendering.

Even foundations cannot be prepared: the ground is frozen solid and there is a danger that the ground will shift once the thaw comes.

For old people, February is always a dangerous time in Britain. Mortality here rises with the cold more sharply than elsewhere in western Europe, reflecting perhaps our national refusal to acknowledge that winter is an annual event.

An average of 13,500 people a week dies in the UK in January and February, against 10,000 in July and August. Recent weather has probably lifted the trend, but only slightly. The figures for last year were depressing too.

The Government, under pressure to act, this week announced that many more areas of the country qualified for the payment of exceptionally severe weather payments.

There was, however, no recognition of the fact that Britain generally has been finding life other than a trifle chilly. We are expected to be stoical about the cold. We are not supposed to complain about it. It is all part of being British.

John Griffiths on the implications of BL's unsuccessful attempt to save a monopoly

Lords ruling on parts raises fears of pirate imports

THE UK'S domestic appliance manufacturers' association sought legal advice yesterday on the implications for theeir industry of a Law Lords ruling opening up a free market in replacement parts for cars and other machines.

The domestic appliance makers' move reflected a growing awareness throughout the UK manufacturing sector of just how far-reaching the ruling by the Law Lords—the UK's highest legal authority—may be.

In allowing an appeal by Armstrong Patents against BL, the Law Lords held that a manufacturer had no right to enforce a copyright to maintain a monopoly in spare parts, and that consumers were entitled to seek the most economical parts from whatever source to keep a machine in working order.

BL immediately declared the ruling a "pirates' charter" which would encourage parts makers, many based outside the UK and producing parts of dubious quality, to obtain an unfair advantage over original manufacturers by copying their designs.

Mr Jim Collins, director-general of the Association of Manufacturers of Domestic Appliances, said the association had been concerned about supplies of unauthorised spares into the domestic appliance industry for a considerable time.

The association had no estimates of the value to the industry of the spare parts "aftermarket," but manufacturers regarded it as extremely important given the highly competitive market in new appliance sales.

Hoover has on several occasions instituted legal action against suppliers of what is known in the appliance industry as "bojack" spares from unauthorised suppliers. The company, one the UK's largest domestic appliance suppliers was concerned about the ruling.

By last night, however, the Conferedation of British Industry—representative of the bulk of UK manufacturing interests—still had not formulated its response.

In the motor industry, the judgment has been welcomed by retail bodies like the Motor Agents' Association and individual component suppliers. Armstrong Equipment, the parent of the company which has been in dispute with BL, expects no longer to have to pay royalties to BL on the exhaust systems it produces and which brought the two sides into conflict.

The car makers believe, however, that the ruling will leave them at a commercial disadvantage. They also think that efforts by the Government and Society of Motor Manufacturers and Traders to halt in particular an influx of "counterfeited parts" from Third World countries like Taiwan and India—some of which are held to be sub-standard, even dangerous—will beset back.

Ford appeared yesterday to believe that the judgment differentiated between mechanical parts and body panels.

However, the Motor Panels Manufacturers and Distributors Association, representing the independents, said the judgment appeared to include body panels and seemed to strengthen their position.

هكذا منه بالأصل

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Raymond Snoddy on a £5m film venture in London's Docklands

From dolls houses to Dickens

A LOT of children will have to wait patiently for the beautifully-crafted dolls houses produced at the Sands Film Studios at Rotherhithe and sold in the most expensive stores in London and Paris.

The dolls houses go into production only when no film is being made in the studios in London's Docklands. They help to meet the £2,500-a-week overheads when the studio is "resting" and to keep the permanent team of 20 together.

At the moment there is a film under way in Rotherhithe, one of Britain's least-known film studios which is less than 10 minutes away from the City of London. The film is a £5m production of Charles Dickens' Little Dorrit, being shot in the area of London where much of the book is set in the 1850s.

It stars Sir Alec Guinness, who began his film career in 1946 as William Dorrit in a film based on Dickens' Great Expectations. Sarah Pickering, an unknown third-year drama student plays Little Dorrit, and Derek Jacobi plays Arthur Clennam.

There are a further 249 speaking roles in the production which is divided into two parts, each of feature film length.

Even with this large number of parts, Rotherhithe is evolving a new, frugal form of film-making which may form a pattern for the future of an industry viewed by City financiers as high risk.

"The whole concept is making do with what we have got—self help really," says Mr Richard Goodwin, who is co-producing Little Dorrit with Lord Brabourne, his film-making partner of many years.

Alan Harper

Richard Goodwin, co-producer of Dickens' Little Dorrit, a story of financial ruin

Their last film together, shot on location was A Passage to India, a double Oscar winner.

Virtually nothing is hired and less thrown away. Every costume is made by hand by the film company crew using original mid-19th century designs. Many are made from cotton bought by Mr Goodwin while making A Passage to India.

The dolls house skills are used to make models of Victorian houses, which in slide form are superimposed on shots of a partially constructed set to add to the reconstruction of a Victorian street.

Chippings from the carpentry shop are burnt in a stove to keep the laundry warm. Dressing cubicles are cabins salvaged from a previous Brabourne/Goodwin success—Death on the Nile.

Mr Goodwin says: "I think self-help is the key word. And the only way the City will ever get their confidence back in British film investment will be through having a solid track record."

He is talking in the upstairs office of one of two early 19th century warehouses he bought in 1975 and turned into a film studio.

It is, he concedes, much more a family business than an industry. Little Dorrit, for instance, is written, designed and directed by Christine Edzard—his wife.

"I am very conscious that I am spending other people's money," Mr Goodwin says. The 35-week shoot is expected to come in on time on July 18 and under budget.

The cold weather has not delayed shooting, although actors have had to suck ice cubes to avoid streams of frosty breath.

Little Dorrit met Mr Goodwin's criteria for going ahead with a film—a long-term earning life, combined with sensible price and budgeting.

Nevertheless, he is engaged in a seemingly endless cycle of mortgaging everything to develop an idea, then hoping that the money starts to flow back.

The theme of Little Dorrit—financial ruin—is a little too close to the plight of film-makers for comfort. In fact, Dickens' father spent some time in prison, near the studios, as a debtor. The studios themselves faced the possibility of closure last year when the money could not be raised for Little Dorrit.

The project was saved when Thorn EMI Screen Entertainment agreed to put up the entire £5m needed.

Lord Brabourne believes it is much too early to speculate whether Little Dorrit might make it to the Oscar ceremonies, but there have already been some remarkable performances at Rotherhithe, he says.

"Some films need much more location shooting, but I'm sure I'll make another film at Rotherhithe. It's very cost effective."

Post Office to offer staff private health care

By Philip Bassett

THE POST OFFICE is to offer discounted private health care to its 177,000 employees in what is thought to be the first big move of its kind in the public sector.

The Post Office's step is certain to cause acute embarrassment for its principal trade union, the Union of Communication Workers, because of the TUC's strong opposition to private health care.

Managers in the Post Office have been studying the idea of offering health care facilities to staff for some time. They held discussions with a number of the leading companies, seeking the best available discount for what PO managers expect will be a large take-up.

While the particular company to be offered the contract has still to be chosen, the decision to bring in such a scheme has been reached.

So far, the only public sector use of private health care facilities has been in some parts of the Civil Service and then only on a small scale. The FO scheme would set a precedent.

The Post Office has written to the UCW, asking what the union's attitude would be to the scheme, though PO managers are making it clear that the issue is not a subjectfor negotiation.

The union has written for advice to Mr Norman Willis, TUC general secretary, because of the scheme's implications for TUC policy.

Six years ago, when the EETPU electricians' union reached a private health deal for its members in the electrical contracting industry, it led to angry divisions within the TUC. Because of increasing privatisation, public service union opposition to private health care is now probably even stronger.

So far, the UCW has received no guidance on the issue from the TUC, and the union stresses its executive has taken no decision on the Post Office's move.

Mr Alan Tuffin, UCW general secretary, confirmed that the union was studying the PO's proposals, and said: "My personal position is that I don't see how we can stop it."

UCW leaders recognise that there are risks for the union internally if it fails to persuade its members not to take advantage of such a scheme.

One possibility is that the union may make no response at all to the Post Office's move, effectively sanctioning management implementation of the scheme.

However, the union is likely to come under pressure from public service unions such as the National Union of Public Employees, to more actively oppose the scheme's introduction.

Foremen's strike near as Ford refuses to lift offer

BY DAVID THOMAS, LABOUR STAFF

FOREMEN at Ford look set to take industrial action next week after the company refused yesterday to increase its latest pay offer.

A strike by one of the company's key white-collar groups such as foremen over a national pay claim would be unprecedented.

Members of the white collar union, ASTMS, who are mainly foremen plus a few computer workers at Ford, have voted by 1,402 to 739 to reject the company's offer and to strike.

At a negotiating meeting yesterday, the company stood by the two-year pay offer which, in the first year, is for 5½ per cent, plus the consolidation of a weekly attendance supplement and an improved holiday bonus. In the second year, the offer is for 6 per cent.

The offer was accepted yesterday by two other white-collar unions whose members had voted for it in a secret ballot—Tass, representing mainly engineers, designers and draughtsmen, and the white-collar section of the Transport and General Workers Union, representing clerical workers.

The ASTMS is to call its senior representatives together on Tunesday to brief them on yesterday's meeting and organise industrial action.

Mr Paul Talbot, ASTMS national officer, said after yesterday's meeting: "There will be a strike unless the company improves its offer before Tuesday."

Mr Talbot said that next week's meeting would discuss the form industrial action would take: whether it would be a strike or a lesser form of action, and whether it would be by the whole ASTMS membership. He added that there was strong feeling in favour of an all-out strike.

The company has warned the ASTMS that back-pay arising from the settlement will not be paid to its members if there is a strike.

A strike by foremen would not necessarily have an immediate impact on production, though it could delay the implementation of the productivity elements of the agreement signed recently for Ford's manual workers.

A prolonged dispute over the ASTMS settlement could also raise the possibility of a fragmentation of the Ford white-collar bargaining unit, now that the two other white-collar unions have settled.

The ASTMS is angry that Ford's latest offer would give supervisory workers in the plants, such as foremen, less than the manual workers' agreement, which provides in the first year an extra 2 per cent for about 10,000 assembly-line workers plus 4 per cent general increase for changes in working practices.

Mr Talbot complained yesterday that the company had ignored the result of his union's secret ballot.

- Supplies of British Leyland spare parts could be hit by an overtime ban starting last night.

Five hundred workers at the BL Unipart subsidiary at Horspath, Oxford, voted for a two-day strike from next Monday and an immediate overtime ban in their campaign for pay parity with Austin Rover workers at nearby Cowley.

News International agrees talks

BY DAVID THOMAS, LABOUR STAFF

NEWS INTERNATIONAL agreed last night to meet Mr Norman Willis, general secretary of the Trades Union Congress, in a move which could pave the way for a settlement of the company's dispute with the print unions over the running of its plant at Wapping, east London.

The company's announcement came after exploratory talks with Mr Tom Rice, national officer of the electricians' union, the EETPU.

The meeting between the company and Mr Willis, probably to be held next week, is likely to establish whether there is sufficient common ground for News International to meet all the print unions.

The talks came as the print union, Sogat '82, indicated publicly that it had a fall-back position short of the reinstatement of its 4,500 sacked members and as signs emerged of pressure from the workers within Wapping for a settlement.

Ms Brenda Dean, Sogat general secretary, said in an interview in the magazine Marxism Today: "Our objective is to get our 4,500 members reinstated."

She added, however: "If that is not possible, because of job reductions with the new technology in Wapping, then we want decent compensation for those who will not be going back with the company."

News International said yesterday it would not reinstate any of the sacked printers, not even in its London printing sites outside Wapping, and that it would not pay general compensation to all the sacked printers.

It added that it might consider help with re-training and with hardship cases.

Nevertheless, evidence of pressure on the company for a quick settlement has emerged from two groups of its workers inside Wapping.

Members of the EETPU who are producing News International's four titles in Wapping have written to the company saying they had not been hired to displace other workers, and asking "that an honourable settlement is found for all concerned."

Journalists on the Sunday Times are also threatening to hold a disruptive chapel (office branch) meeting next Friday unless they hear proposals to resolve the situation from Mr Rupert Murdoch, chairman of News International, before then.

- Journalists at the Daily Record and Sunday Mail last night accused management of lying and cheating during negotiations.

With 48-hours before the deadline for producing an Irish colour edition of the Daily Mirror in Glasgow, journalists accused management of adopting delaying tactics in order to provoke another confrontation at the weekend which could pave the way for Mr Robert Maxwell's, Mirror Group publishers, threats of massive redundancies.

Engineering recovery 'long and arduous'

By David Thomas

DR JAMES McFarlane, director-general of the Engineering Employers' Federation, has accused the Government of appearing indifferent to the plight of manufacturing industry.

Dr McFarlane writes in the federation's annual review that the engineering industry's recovery from the 1980-81 recession "is proving a long and arduous journey."

Accusing the Government of an apparent bias in favour of the service sectors, Dr McFarlane says: "We cannot all be market traders: somebody must produce the goods that are traded. The Government sometimes seems indifferent to the fact that an increasing proportion of such goods are manufactured in countries other than our own."

Regional jobs policies 'effective'

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT

REGIONAL policies in the 1960s and 1970s were an effective and economic way of creating jobs in Britain's most depressed areas, according to a report commissioned by the Department of Trade and Industry.

The report, written by three Cambridge University academics, concludes that a total of 604,000 manufacturing jobs were generated by regional assistance in the 20 years to 1981.

About 154,000 jobs did not prove permanent, but those losses were more than outweighed by an estimated 180,000 jobs in service-related industries which followed as a direct result of the expansion of manufacturing.

The report, by Mr Barry Moore, Mr John Rhodes and Mr Peter Tyler, says that the average cost to the government of each job created over the two decades was about £40,000 in 1982 prices. The cost varied between different industries, however.

Some industries such as chemicals and steel received relatively large amounts of grant but created few, if any, jobs.

In some industries the evidence suggests that large payments of automatic capital subsidies encouraged companies to instal capital intensive equipment at the expense of labour.

Industries such as mechanical engineering, electrical engineering, vehicles and clothing received far less of overall expenditure but generated around 50 per cent of the total estimated regional policy jobs.

The cost for each additional worker in metal manufacture was £367,000 but in the clothing industry £10,000.

The report says that the most effective instrument of regional policy has been investment incentives such as the regional development grants, with the least cost effective measure the regional employment premium.

Although regional policy was less effective in the years of recession, it continued to make a significant contribution to employment in the Development Areas.

The report concludes that the results of the study suggest there remains a strong case for an active regional policy in the 1980s.

The scale of regional declines in relation to what policy has so far achieved, however, is alarming. For regional policy to have solved the problems of the 1970s it should have been around three times more effective than it was.

The Effects of Government Regional Policy, £8.25; HMSO.

Injunction on pit closure lifted

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE NATIONAL Coal Board has been freed from a High Court injunction that stopped it taking steps to close Bates Colliery at Blyth, Northumberland.

Mr Justice Macpherson yesterday refused to continue the temporary injunction granted to the National Union of Mineworkers last Wednesday because the union would not undertake to meet any financial loss suffered by the NCB as a result of the injunction.

The union had asked that the injunction continue until the hearing, expected next Wednesday, of its application for judicial review of the decision to close Bates.

Mr Conrad Dehn, QC, for the NCB, said the injunction involved the court entering the industrail arena and telling an employer not to close its business, though it was making a loss.

He said the NCB was faced with the position that Bates had made a profit in only two years, had lost more than £10m in 1984, and showed no evidence of making a profit in the future.

If the injunction were continued it would cost the NCB about £198,000 a week in wages and other costs and make the ultimate salvage operation even more expensive, he said.

Mr Peter Boydell, QC, for the NUM, said there was evidence that, far from making a loss in the short period before the judicial review, the pit, would, at worst, break even.

The judge said the absence of an undertaking from the union made it impossible to continue the injunction. There was an obvious potential loss to the NCB.

At the judicial review the NUM will contend that the decision to close Bates was the first time the NCB had rejected a recommendation by the independent review body set up after the 1984-85 miner's strike to consider proposed pit closures.

Committee to advise on future of Alvey project

BY DAVID FISHLOCK, SCIENCE EDITOR

A TECHNICAL committee of 23 under the chairmanship of Sir Austin Bide, chairman of BL, will advise the Government on the future of the £350m Alvey research programme. It will report its findings in October.

Alvey is a five-year collaborative research programme which brings together research-based companies and academic institutions, in quest of advanced computing technology such as artificial intelligence.

If successful, it will lay the foundations for a fifth generation of commercial computers in Britain.

With Alvey in its third year, there has been growing concern about the possibility of the programme being wound up in 1988.

Many of the research projects funded by the Alvey Directorate in London are expected to stretch into the 1990s before yielding commercial results.

The directorate co-ordinates a national programme involving more than 60 companies, 46 universities and polytechnics, and five national laboratories.

It works through consortia or groupings of academic and industrial research teams, which initiate joint proposals for "Alvey money." In its first two years the directorate funded more than 100 out of some 550 proposals put forward.

Sir Austin, announcing the names of the committee, said a big task would be for it to decide the proper balance between British and European research effort and Britain's relationship with European programmes such as Esprit, Eureka and Race.

ECONOMIC DIARY

TODAY: Conservative local government conference, Wembley conference centre.

TOMORROW: The Queen and Prince Philip begin state visit to Australia (until March 13).

MONDAY: EEC Industry Ministers meet in Brussels to discuss state aid for shipbuilding, raw materials for the bio-tech industry, and type approval for telecommunications terminal equipment. Ulster Unionists strike against Anglo-Irish agreement. Mr David Steel, Mr Roy Jenkins and Mrs Shirley Williams speak at Alliance conference on economy.

TUESDAY: UK official reserves for February. Capital issues and redemptions (during the month of February). London and Scottish banks' February monthly statement. African, Caribbean and Pacific countries' ministers meet EEC foreign ministers to discuss sugar prices. Initial readline for BL sell-out bids. Launch of Mr Eddie Shah's newspaper Today. TUC president Mr Ken Gill visits Rosyth dockyard. Current session of US/Soviet arms talks ends, Geneva. FT two-day conference opens on cable TV and satellite broadcasting. Hotel Inter-Continental, W1.

WEDNESDAY: Advance energy statistics for January. Appeal Court judgment in Liverpool and Lambeth illegal budget cases.

THURSDAY: Fourth quarter balance of payments. EEC environment ministers meet, Brussels. Insurance Ombudsman's annual report published Geneva Motor Show opens (until March 16). Paris Club scheduled to meet on Poland's official debt. Bundesbank council meets in Frankfurt. Barclays Bank final results.

FRIDAY: January final figures of car and commercial vehicle production. Housing starts and completions in January. Fourth quarter house renovations. Mr Neil Kinnock, Labour Party leader, visits Rosyth dockyard. Scottish Labour Party annual conference opens, Perth (until March 19). Hang Seng Bank annual results.

Railway workers' offer raised

By David Brindle, Labour Staff

BRITISH RAIL yesterday improved to 5 per cent its general pay offer to 140,000 railway employees and added a further £1 a week for about 30,000 workers receiving less than the guaranteed minimum.

The offer, increased from 4.5 per cent and described by BR as final, will be considered next week by the national executive committees of the three unions involved—the National Union of Railwaymen, the train drivers' union Aslef, and the white-collar Transport Salaried Staffs Association.

There will be strong pressure in each union for acceptance. The NUR in particular will not relish the prospect of moving towards disruptive action after its failure last year to effect a strike by guards over driver-only train operation.

BR's decision to give an extra £1 to lower-paid grades may clinch acceptance. The unions see this as a step towards their goal of abolition of the minimum earnings level.

The minimum would rise from £93.30 to £97.95 after a 5 per cent increase. Although workers on weekly rates below this would ordinarily receive the minimum payment, their basic rates are used for calculation of overtime and shift premiums.

BR, which had already cleared the way for a speedy settlement by attaching no productivity conditions to its previous offer, said the improved package would give lower-paid workers about 6 per cent overall.

Under the offer, the £82.60 weekly wage of a railman, the lowest-paid grade, would rise to £87.73.

A train driver's wage would go up from £1?.85 to £133.19. BR says average weekly earnings at existing rates are £146.39 for a railman working 50.3 hours, and £203.20 for a train driver working 45.2 hours.

APPOINTMENTS

Promotions at National Westminster Bank

Mr John Wallace has been appointed a deputy general manager of NATIONAL WESTMINSTER BANK'S management services division. He was managing director of Centre-file, the bank's computer services subsidiary, for the past four years and will remain on its board. **Mr Jim Graycon** takes over as Centre-file's managing director. Previously deputy managing director, he joined Centre-file in 1979, following its acquisition of Management Computer Services. **Mr Alan D. Pain** has been appointed senior executive of NatWest's treasurer's department, international banking division. He was senior manager (foreign exchange) of the bank's world money centre.

★

LETHERBY AND CHRISTOPHER has appointed **Mr Ron Zanre** as managing director. He was previously managing director of a division of Mecca Leisure which included Graison Caterers and Warner UK Holidays.

★

Mr Clive Ward has been appointed director and general manager of Technology Computers. He was a senior marketing consultant with IBM. **Mr Geoff Jackson** has joined the board of Technology Equipment and Maintenance. He was with Prime Computer (UK).

★

Mr Geoffrey Codd has been appointed to head the planning and IT services at the EXPORT CREDITS GUARANTEE DEPARTMENT. He will be responsible for co-ordinating and implementing organisational changes within ECGD, agreed following last year's Chapman Review of the Department's management and organisation. He was with Brooke Bond Group.

★

DON & LOW has appointed its first marketing director, **Mr Robert W. Low.**

★

Mr D. J. Coldman has been appointed managing director of BENFIELD, LOVICK & REES (HOLDINGS) and **Mr M. C. Harding**, managing director of Lloyd's broking company, Benfield, Lovick & Rees & Co. **Mr G. D. C. Chilton** and **Mr G. E. Goodbody** have been appointed directors of Benfield, Lovick & Rees & Co.

★

Mr Norman Sherwood has been appointed chief executive of WIMPEY ENGINEERING and WIMPEY OFFSHORE. Prior to joining the Wimpey Group in 1984, Mr Sherwood was a director of the William Press Group and chief executive of Press Construction and Press Offshore. **Mr Michael J. Wood** becomes managing director of Wimpey Offshore, while remaining managing director of Wimpey Engineering. He has been with the Wimpey Group for three years and was formerly deputy managing/business development director at Protech International.

★

Mr Wesley Keys has been appointed to the group board of WALTER ALEXANDER. He is presently managing director of Walter Alexander & Co (Coachbuilders), based in Falkirk.

★

BRAUN ELECTRIC (UK) are appointing two new directors. From March 3, **Mr John Hadley** joins as marketing director, filling the vacancy left by **Mr Bengt Lofquist** on his promotion to managing director of Braun Sweden. Mr Hadley's most recent assignment has been as UK business manager for the stationery products division of Gillette. From April 18, **Mr Tony Cosgrove** will be appointed sales director. He has been with Braun for 12 years and is currently national accounts controller. Mr Cosgrove will be succeeding **Mr Peter Davies**, who is leaving Braun to take up a new appointment as sales director for Thorn EMI Major Appliances.

★

Mr Ian M. Herman has become group managing director of IMTEC. **Mr Allan Castle** has been appointed financial director

★

BRITISH AEROSPACE has appointed **Mr D. E. Bucknall** as director of personnel from May 1. He is general manager of the Polyolefines and engineering plastics business of the petrochemicals and plastics division of ICI. **Mr R. T. Worsley**, the present head of personnel, will be leaving on April 25, to join British Telecom as director corporate personnel and corporate services.

★

Mr Dennis Stevenson has been appointed a non-executive director of PEARSON. He is chairman of the SRU Group, which is involved in specialist consultancy business, office property development and in the provision of venture capital. He is also a director of Tyne Tees Television, the London Docklands Development Corporation and the National Enterprise Board.

★

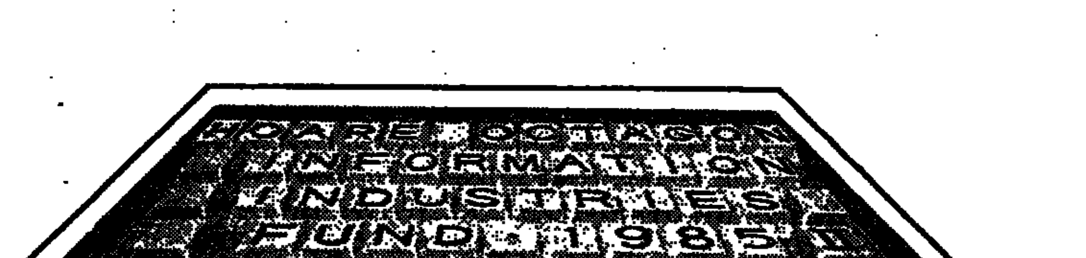
Mr David Dean has been appointed managing director of TELCON PLASTICS, a subsidiary of Reed International. He replaces **Mr Jack Browne** who has retired.

★

Mr Roger Mabey has been appointed to the board of BOVIS CONSTRUCTION. He remains responsible for all Marks & Spencer construction. **Mr John Newton** rejoins as director, sales and marketing. He has been sales and marketing director with both Higgs & Hill and Fairclough Building. **Mr Bernard Hodgson** becomes surveying director. **Mr Tony Farmer** has been appointed commercial director of Bovis International. He was operations director.

★

Mr Malcolm J. Stuart has been appointed an executive director of HOLROYD CONSTRUCTION. He was an executive director of Peter Birse.



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Saturday March 1 1986

The Budget plot thickens

MR Nigel Lawson, clearly a man who understands power plays, will appreciate the poker game now going on in the oil market. It seems to be one of those games in which most of the cards are played face up, so there is no great mystery about the hand which the leading gambler, Sheikh Yamani, is trying to play. As he has explained, he is driving down the price of oil in order to persuade other producers to share in the cost of controlling the market.

With one notable exception, he appears to be achieving his objectives. A number of other producers, some of them previously undisciplined members of Opec, and some of them large non-members such as Mexico, are now calling for production restraints. They would rather have a smaller share of a more rewarding market, and also incidentally conserve their oil reserves.

Of course it is one thing to make plaintive noises, and quite another to re-establish an effective international cartel with wider membership, so it is far from clear what the outcome of the Saudi gamble will be. The most that can be said is that Sheikh Yamani has raised the stakes boldly, and seems willing to follow poker-playing precepts: only a player prepared to risk a big loss can make a big coup.

Miscalculation

The one miscalculation of the Saudis has concerned Great Britain itself, originally singled out as the prime target. The Government refused to be panicked when the falling oil price brought sterling down with it; and the financial markets, instead of recoiling in dismay, mounted a celebration.

Thanks to this robust political and financial response, the Government can now convincingly argue that it, at least, is undismayed by anything the Saudis can do. Indeed, Britain now appears to be more in the position of the Saudis themselves than of other producers. Just as the Saudis can live with a lower price because they have a large reserve capacity to produce oil, Britain can live with it because it has a large unused potential to produce things other than oil.

The Saudis now seem to have acknowledged that Britain will not throw its hand in, but are continuing their play just the same — meanwhile shrewdly marketing their oil through netback deals which will yield high revenues if they achieve their major objective, and get effective restraint from most other producers. It will be harder without Britain, but not impossible; British production is already past its peak.

It will obviously be many months before the oil prospect is anything like clear; indeed the first serious meeting to discuss production restraint will be held only two days before the Budget itself. Equally obviously, the economic judgment on which every Budget is based will be highly tentative.

The uncertainty over the Government's own revenues is only part of the problem; if that were the whole story, an offsetting rise in the retail tax on petrol, as proposed by Mr Delors in Paris, could be part of a solution. There is also uncertainty over what the price fall means for the world economy, assuming that the price stays down. The consensus of stock market opinion, led by Wall Street, is that it offers a bounteous free lunch, but the international organisations, notably the IMF, are not so sure. They are aware that there are losers as well as winners, and that adjustment to large structural changes is seldom smooth. Britain does rather a high proportion of her trade with the potential losers, so the Treasury view may well be decidedly subdued by stock market standards.

All this suggests that the Chancellor would be wise to keep some large options open on March 18; and Mr Lawson has a further personal motive for keeping something in reserve. He still believes that the corporate tax changes he introduced in 1984, reducing the fiscal incentive to substitute machinery for men, will help employment. These changes become fully effective in April.

Minimalist

Both personal confidence and genuine uncertainty, then, argue for a rather minimalist approach this year. On the other side of the argument are the Government's weak standing in the opinion polls, and the apparently strong buoyancy of this year's tax revenue. If this is more than a one-month aberration, Mr Lawson will be able to give something away while passing the test of prudent caution.

Should this be spent overtly on job creation, as the CBI and the National Institute suggest? If this is the aim, a cut in taxes on employment is the obvious route. It seems likely, though, that the Chancellor will argue that past cuts of this kind have simply helped to finance excessive wage increases, and that even at a forecast 3½ per cent, British inflation will still be high compared with Germany, where it may be below 1 per cent, and Japan, where prices are already falling. In any case, the fall in sterling has done much for competitiveness. The main options are no doubt still tax rates or tax thresholds. Our poker-playing Chancellor has dropped no hints.

CUBA'S NEW CHALLENGE

The Castro revolution faces up to middle age

By Robert Graham

Under Soviet pressure: Fidel Castro at this week's Communist Party Congress in Moscow

IN CUBA this is the time of the "zafra," the sugar harvest. Up and down the island every resource is being mobilised for what is still the country's principal economic activity: the production of sugar and its derivatives.

The zafra is normally followed closely in the press with reports couched in language more suited to some arcane sports fixture. Rival teams of co-operatives vie to produce more and individuals toil to become celebrities by winning the accolade of "millionaire" for the amount of cane cut.

But this year public discussion of the zafra is muted. Word has gone out that the harvest is little short of disastrous. A combination of drought and damage wrought by Hurricane Kate last autumn could reduce the original target of 8m tons to below 7m tons. This means that Cuba will almost certainly be unable to meet its committments to supply the Soviet Union and other countries in the Comecon bloc.

In the past this would have mattered little. Cuba has traditionally been viewed as the weak infant in the Comecon family, whose strategic position in the Caribbean on the doorstep of the US automatically ensure's Moscow's indulgence. But with the arrival of Mr Mikhail Gorbachev in the Kremlin—and his new emphasis on economic efficiency—the clear directive to Dr Fidel Castro is that Cuba's performance must improve. The message from Moscow, in short, is that international solidarity among socialist countries should not be taken to mean that some can live on a permanent soft subsidy.

These new pressures on Cuba come at a time when the economic battle has already superseded the earlier and more basic struggle to ensure the survival of the revolution against US attempts at destabilisation. In the 26th year since the end of the Batista regime middle age has overtaken the Cuban revolution.

The larger-than life figure of Fidel still strides the Cuban stage but he is mellower, less dogmatic. His flowing beard has thinned and turned grey and the trade mark cigar has gone. Since last August he has given up smoking in public, and although he is remarkably fit in his 60th year, the strain of running Cuba for the past two and a half decades has taken its toll. His mellower mood has even led him to muse on the attractions of liberation theology, while his political nose has led him to embrace the debt issue and to find new acceptance in Latin America.

The new relationship with Eastern bloc countries was underlined last month when Castro revealed at the third congress of the Cuban Communist Party that the country had been obliged to buy some 500,000 tons of sugar on the open market to make up the shortfall in its Comecon commitments.

But while the announcement was greeted with loud applause the reality for those managing the Cuban economy is more sober.

This year's hard currency earnings from free market sales of sugar, which Cuba originally hoped would be about US$230m, could be nearly wiped out by the need to buy for Comecon.

Although the more hard-nosed Soviet attitude has imposed strains, the effect is not nearly as severe as some analysts in Washington would pretend. More important is the way in which recently developments have highlighted the growing distortions and contradictions created by Cuba's dependence upon the Soviet Union and its allies.

Since the US blockade of revolutionary Cuba, the Castroite experiment in socialism has been subsidised in four main ways: through the provision of oil supplies to make up for the country's energy shortage; through the purchase of sugar at a fixed price above the market rate; through, soft trade credits and grants; and through military assistance.

Senior Cuban officials decline to comment on Western diplomatic assessments that East bloc assistance amounts to the equivalent of $4bn a year. Nevertheless they do admit that, especially during the last four years when other Latin American countries have seen the flow of aid and fresh money dry up, Cuba has not suffered in the same way — thanks to their Soviet allies.

Of particular importance have been the oil supplies and sugar purchases, the latter often at five to six times the market price. This has been a tremendous cushion against the effects of a slack sugar market that has so damaged other Caribbean economies. But it has equally encouraged the Cuban authorities to concentrate too much on sugar at a time when all other economies in the region have been seeking to lessen their vulnerability through diversification. The new five year plan now being launched perpetuates the predominance of sugar, again through a high guaranteed price for the commodity.

Russian energy supplies represent a more curious distortion. The Soviet Union is understood to supply approximately 10m tons of crude and products a year. Any saving that Cuba can make either in the form of higher domestic oil production or rationalisation of energy use frees a part of this 10-ton Soviet supply for hard currency sales. Last year sales of this "surplus" crude were worth ove $600m, according to officials at the National Bank of Cuba. Put another way, Cuban sales of surplus Soviet crude account for over half the island's hard currency earnings. They have become the mainstay on which Cuba has relied to purchase Western goods and technology.

Not surprisingly the slide in international oil prices has been viewed with alarm in Havana since all its sales are spot. The combination of lost oil earnings with open market purchases of sugar for Comecon could mean at least a 25 per cent shortfall in expected hard currency earnings this year. This is bound to put a strain on Cuba's ability to service its $3.2bn foreign debt with Western creditors which it has been punctilious in repaying until now. Furthermore, it will keep Cuba within a vicious circle: the country needs to diversify its trade and earn more hard currency, but to do so it has to have access to Western credit.

Castro's mellower mood has even led him to muse on the attractions of liberation theology while his political nose has led him to embrace the debt issue

The pressure may be eased within the next three years when the first of three Soviet-supplied nuclear power plants is due to come on stream. But Cuba's nuclear power programme is at least five years, perhaps seven, behind schedule. The same applies to plans to raise nickel production capacity from 40,000 tonnes to 100,000 tonnes a year. Comecon is investing some $1.6bn in this project, which is nearly five years behind schedule. Nickel is an important potential hard currency earner, provided Cuba can produce efficiently and in large enough quantities

For Cubans of all walks of life, Cuba without Fidel is unthinkable. That a committed Marxist in a state ruled by a tightly-run Communist Party should feel free to indulge in theological discussions and talk freely about his Catholic upbringing underlines the extraordinary individuality of Cuba's leader and of Cuba itself in the context of Socialist countries.

Aware of his own mortality, however, Fidel has sought to prepare the succession. This was one of the main aims of the party congress which conferred the mantle of succession unequivocally on his younger and more introverted brother, Raul, aged 54. Raul's wife, Vilma Espin, a prominent figure in her own right as leader of the Cuban Women's Federation has joined the 14 person Politburo. So has Raul's deputy in the armed forces ministry, Abelardo Colome. By opting to keep the succession in the family, Fidel hopes to transfer his moral prestige with all the other advantages of trust.

Of equal significance has been the congress's decision to introduce new faces and younger blood into the higher echelons of the party. A third of the 146-strong central committee has been changed. Four of the old guard guerrilla commanders have been dropped from the powerful Politburo, including Ramiro Valdes, who lost his job as Interior Minister in December for being, among other things, too much of an old-school hardliner.

Cuban Socialism, a centrally planned economy according to the tenets of Marxism-Leninism, has become ever more of a tropical hybrid.

Cuba continues to be one of the most highly-mobilised societies in the world, starting with school children who join the Jose Marti pioneers (a politicised boy scout/girl guide equivalent) through to neighbourhood defence committees (committees for the defence of the revolution). The CDRs incorporate 83 per cent of the population over 14, or some 6.5m people. Beyond this is the vanguard of 532,639 in the Communist Party.

Such organisation reflects the regime's deep-felt insecurity. From an early age, Cubans are taught the need for permanent vigilance against the dirty tricks of the CIA and the exiles in Miami. The authorities are afraid to drop their guard, but the Sunday militia training sessions, where groups of men and women learn to strip AK-47 rifles or prepare booby traps, have a more informal air in the main city squares. The CDRs themselves are now more concerned with the organisation of vaccination programmes or the monitoring of local crime than denouncing counter revolutionary neighburs.

Since Ramiro Valdes's departure from the Interior Ministry, the mood of relaxation has been palpable and there has been a slow but clear liberalisation in all aspects of Cuban life.

Even the notion of property has been turned on its head. In the past 12 months, Cubans have been able to purchase their own homes. Instead of paying rent, equivalent to 10 per cent of salaries, they can convert this into a "mortgage" —the difference being that they become responsible for repairs and enjoy rights of inheritance. So far 200,000 home ownership deeds have been handed out in a population of 10m. As a result, an unofficial house market has grown up. The new economic plan proposes the construction of 180,000 private homes, the same number as the state is due to build. Another experiment is peasants' markets, where surplus goods produced by farmers are sold at street prices.

Such developments are now taken up and parodied in films and theatre. Cubans these days often surprise visitors by the candour of their complaints—the cumbrous system of ration cards, the labyrinthine bureaucracy that alienates citizens behind mountains of cheaply printed forms.

No one is more critical than Fidel. Take this catechism of woes from his report to the Party Congress: "An inadequate and unstable supply of consumer goods, particularly clothing, footwear, home furniture and linen, as well as lack of variety, inappropriate sizes, poor finishing and outdated and repetitive designs, aggravated by irrational distribution." A visit to any shop or department store invariably reveals shoddy goods, limited choice and long queues.

Attempts to be more sensitive to consumer needs followed the exodus in 1980 of 120,000 Cubans disillusioned with the system. But the growth of disposable incomes has not been matched by supply. Those with access to dollars can buy in hard currency shops but most have to put up with high prices on the free market (rationing covers just under a third of consumer goods). Meanwhile the visitors live almost exclusively in a dollar economy, including special dollar-denominated taxis.

Discontent with the lack of consumer goods is greatly mitigated by the all-embracing welfare state, especially in the fields of health and education. The Cuban average diet of 3,000 calories per day is exceptionally high for Latin America. With single-minded dedication, tropical diseases have been conquered and illiteracy wiped out in rural areas, making the Cuban peasant the best off in the region. Cuba has one doctor per 480 inhabitants and it shows in the strapping health of the school children.

These are genuine achievements. But the Cubans are increasingly aware that their welfare state is a luxury underpinned by a superpower rather than domestic resources—and a superpower which is keeping an increasingly watchful eye on this subsidised Caribbean experiment in Socialism.

Woman in the News

The Philippines

Sister-power stops the tanks

By Alain Cass

THE YOUNG NUN adjusted her glasses and explained, almost apologetically, that she did not normally indulge in Heroics. Last Monday was an exception.

She had joined tens of thousands of other ordinary Filipinos in a demonstration of "people power" outside Camp Aguinaldo where Mr Juan Ponce Enrile, The ex-president's Defence Minister, was holed up after rebelling against President Marcos.

Not far away a Philippine army tank, leading an armoured column, edged its way through the people, its big gun swivelling. As it approached, the nun, who had been linking hands with others from her order, the Daughters of St Paul, dropped to her knees in its path.

She was joined by another nun, clutching her rosary, and then another. The tank stopped. The nuns led the demonstrators in prayer.

"One of the sisters sprinkled holy water on the tank," she recalls "and another asked the young commander whether he really intended killing all these people. He told us he had orders to do so, but he couldn't. We had prayed for a miracle and it happened."

Divine intervention may have been responsible for stopping the tanks on that crucial day. But to Mr Marcos beleaguered in his palace and to his erstwhile ally in the White House, no single image could have driven home more forcefully the strength of anti-Marcos feeling in the country. It symbolised perfectly the notion of a battle between an innocent people and a repressive regime, between good and evil and it probably pushed Mr Marcos over the brink.

The young nun in question does not want to be named because she does not see why she should be singled out when so many others were there too. She also admits, when pressed, that her order worries about reprisals. The Daughters of St Paul is unusual in the Philippines in that it had never taken part in a political demonstration until it came out in support of President Corazon Aquino.

The Roman Catholic church has, over a number of years, played a key role in attacking Mr Marcos and his fraudulent electoral practices.

Catholicism in these islands is a legacy of more than 300 years of Spanish colonial rule which ended at the turn of the century. The church claims the support of 85 per cent of the country's 54m people. Cardinal Jaime Sin, Archbishop of Manila, is a powerful political force while, in the provinces, the clergy's key role is illustrated by the fact that the church and the town hall are usually next to each other.

Nuns and priests demonstrated against Mr Marcos in the past and quite often negotiated with riot police and the army during demonstrations in an effort, not always successful, to prevent violence.

One irony of this week's events is that ex-President Marcos has an aunt and a cousin who are nuns. One of Mrs Imelda Marcos's sisters is also a nun.

Our nun—we could call her Sister Aquino—belongs to a convent of 70 sisters. "We decided that, this time, we had to do something" she says. "So we offered to help Namfrel, the opposition polling watchdog, during the counting."

Sister Aquino and a group of others spent five nights guarding ballot boxes at Pasai City, a suburb of Manila. They worked in shifts round the clock.

"On th[illegible] night," says Sister [illegible] group of Marcos goons surrounded City Hall. We had been told, if we heard gunshots, not to run away. It was only meant to intimidate us so that they could come and take the ballot boxes and stuff them with Marcos votes.

"Then we heard that the goons would attack at two o'clock that morning. So we all linked arms around the ballot boxes. Some of us held rosaries and holy water. Others held candles. At two, this strange group of men came in. One had a black eyepatch, some were barefoot, others carried clubs. I felt as if I was under sentence of death. We had been told by Mother Superior that we should be prepared to die. And we were. But I'm no hero and my knees were shaking. We recognised some of them as prisoners from the local jail.

"Just then some foreign correspondents arrived and we begged them to stay. They left at dawn. I don't know what would have happened if they had not been there."

Sister Aquino, who comes from the central Philippines, always wanted to be a missionary. "I remember seeing all those pictures of Africa and India and it filled me with a desire to go." She became a novice when she was 19 and took her vows eight years later.

She talks fluently and confidently of her growing disillusion with the Marcos regime and the church's obligation to take a political role. "You know they call us the martial law babies. We have known nothing else. This country desperately needed change—employment, better education, investment—but more than anything, dignity. The way I see it voting is a political act. So if nuns vote why shouldn't they demonstrate?"

Sister Aquino admits, however, that the church's political role has got it into trouble with the Government and some ordinary people in the past. "Marcos used to say that nuns belong in convents and women belong in the kitchen and in the bedroom," she giggles.

Looking back on the extraordinary events of the past two weeks Sister Aquino says she does not know how she did it. "None of us ever thought that, just because we were nuns, Marcos wouldn't shoot at us. But the soldiers at the camp begged us to stay, so we did."

When a rebel helicopter bombed Villamor Air Base, which is near her convent, Sister Aquino and the other nuns thought this might be an attack on them. "There had been such an explosion of materialism and an erosion of moral values that we thought anything could happen."

She smiles and pauses before adding: "People keep saying 'thank you' to us. The soldiers too. I reply that we moved but it was God that intervened." And with that she goes off to mass.

Alfred McAlpine

Year ended 31st October	1985	1984
	£000	£000
Turnover	393,078	340,090
Profit before Taxation	23,047	22,644
Profit after Taxation and Minority Interests	13,847	16,043
Dividend per Ordinary Share	12.5p	11p
Net Assets per Ordinary Share	224p	215p

* Both turnover and profit before tax at their highest level.
* The Group, now reconstructed into four operating divisions, is successfully broadening its activities.
* All our interests in South Africa sold after the year end with proceeds being invested in the U.S.A.
* For the fifth successive year the Directors recommend an increased ordinary dividend, now covered 3.1 times.
* Shareholders Funds at the year end more than £81 million and now stand at £96 million after including surplus on disposal of South African interests, increasing net assets per ordinary share to 267p.

Alfred McAlpine PLC
Hooton, South Wirral, Cheshire L66 7ND

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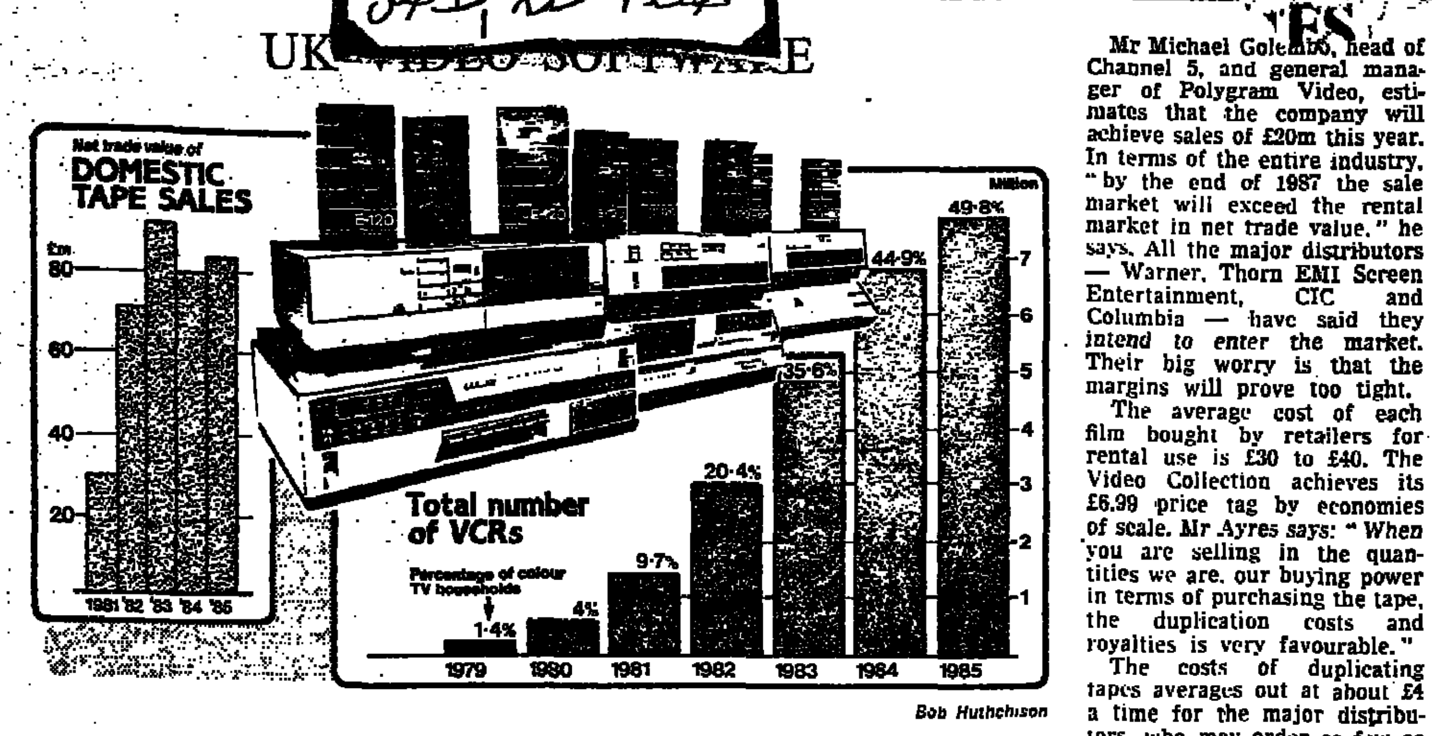
UK VIDEO SOFTWARE



Bob Hutchinson

The industry flicks a fast-forward switch

By Fiona Thompson

THE BENEFICIARIES of the last will and testament of Bobby Ewing, late of Dallas, include the British video software industry.

The 12 episodes of the latest series of the television soap saga, featuring Bobby's funeral, the reading of the will and the fight for control of both Sue Ellen's alcoholism and Ewing Oil—yet to be screened by the BBC—are already in the possession of British video users, placing them several disasters ahead of the TV audience.

The fact that since last autumn it and other video tapes have for a flat £6.99 been sold—as opposed to rented—to the public in their hundreds of thousands marks the most significant change to occur in the industry's still brief history.

Until then the industry was based on renting. People who had video cassette recorders (VCRs) hired films from "video libraries." Chinese takeaways and petrol stations for a fee ranging from 50p to £2.50 a night. Many shops were willing to sell tapes, but at £50 each for a box office success like Rambo the price was too high.

So the launch last October by Prestwich Holdings, the *Manchester entertainments* group, of The Video Collection, which sells tapes for £6.99 has turned the industry upside down. It also contributed greatly to the upturn in the industry's fortunes which the British Videogram Association announced yesterday.

The BVA represents the top 29 distributors of prerecorded videos in the UK including the British arms of the Hollywood film majors such as Warner, Columbia, CIC (Universal/Paramount), Fox and Disney. The distributors sell to the shop which rent to the public.

"This time last year we were wearing black armbands," says Mr David Rozalla, BVA chairman and managing director of Warner Home Video, market leader of the big four distributors. "But the market has bottomed and 1986 promises to be the best year yet for the software industry. It's the return to the boom."

That last boom peaked in 1983, with £92m of domestic tape sales.

Then came the downward spiral. Revenue fell to £80m in 1984 and the first three-quarters of 1985 showed every sign of further deterioration with figures down to £48.6m.

The decline came about primarily for the same reason that many people who were avid Trivial Pursuit players three years ago now find the green lid covered with dust. New VCR enthusiasts were active tape renters — in 1980 when the number of machines totalled 560,000, up to 70 per cent of those who owned or rented video players were "active users," the trade term for those *renting at least one film a week.*

Last year 49.8 per cent of households with colour TV had VCRs — 7.7m machines — and only 26 per cent were active users

Apart from the novelty wearing off, three other factors hastened the decline according to Mr Rozalla — an overcapacity of rental outlets, a shortage of "blockbuster" films, and warm summers, which encouraged people to stay outdoors.

In the early days, rental outlets appeared on every street corner as small entrepreneurs saw an opportunity for a business with low start-up costs.

By 1983, the peak year, there were 16,500 rental outlets—6,500 specialist "video library" shops, 2,500 television hire multiples and 7,500 non-specialists such as newsagents, grocers, launderettes, off-licences, petrol stations and Chinese takeaways.

A year later, as rental demand waned, a shake-out began, which has cut the number of rental points to 10,000.

The rental business, however, is not about to disappear. The video makers' costs are such that the 80 to 100 new films released each year will at least for their first year appear solely on the rental market.

This measure of stability should be enhanced by the *growing sophistication of the* post-Chinese takeaway rental outlet. Today the average specialist shop has a stock of 2,000 titles—some have up to 6,000. A typical library includes the top 50—currently including Rambo Part 2, Beverly Hills Cop, The Killing Felds and A *Passage to India*

The bulk of the non-specialist shops have anywhere between 100 to 350 titles, concentrating on the chart toppers, children's films and soft pornography.

When Paul Levinson, Prestwich Holding's chairman, *launched* the Video Collection's first 50 titles last autumn, he did so in an exclusive deal with F. W. Woolworth. "We hit 865 High Streets immediately," says Mr Steve Ayres, managing director.

The impact was enormous. By the year-end, 700,000 tapes were sold—20,000 of the first two Dallas episodes. For the quarter, the 700,000 tapes sold to the public represented the same number as those sold to the retail trade by all the other distributors combined. It is a success which has sparked a re-*assessment of the whole in*-dustry's outlook. Some think that the rental business will become like the hard-back side of books—largely library-based and much smaller than the market for cheaper paperbacks.

As if to emphasise the *analogy*, the Video Collection has signed a deal with W. H. Smith to sell its tapes in all 263 shops from today. By early March, the Collection's tapes will be on sale in five Virgin record megastores and in the Morrisons chain of supermarkets in the North. "We're at the handshake stage with Harrods," says Mr Ayres.

The 118 titles in the present catalogue include classic films, children's programmes, music and sport videos and recent cinema box-office hits. The classics, from High Noon to Hitchcock, and children's films sell best.

Mr Ayres says his company will sell in excess of 3m tapes this year and that the industry overall will be worth £100m: 25 per cent sales and 75 per cent rentals.

Competing with The Video Collection from Monday will be Channel 5, a joint venture launched last month by Heron International, Mr Gerald Ronson's privately owned property, petrol station and financial services group, and Polygram International, the record company. *Channel 5's initial 50* titles, including Sophie's Choice and Citizen Kane, will range in price from £6.99 to £9.99. Each quarter 25 new titles will be released. W.H. Smith and 400 specialist shops will stock Channel 5.

Mr Michael Golembo, head of Channel 5, and general manager of Polygram Video, estimates that the company will achieve sales of £20m this year. In terms of the entire industry, "by the end of 1987 the sale market will exceed the rental market in net trade value," he says. All the major distributors — Warner, Thorn EMI Screen Entertainment, CIC and Columbia — have said they *intend to enter* the market. Their big worry is that the margins will prove too tight.

The average cost of each film bought by retailers for rental use is £30 to £40. The Video Collection achieves its £6.99 price tag by economies of scale. Mr *Ayres says: "When* you are selling in the quantities we are, our buying power in terms of purchasing the tape, the duplication costs and royalties is very favourable."

The costs of duplicating tapes averages out at about £4 a time for the major distributors, who may order as few as 50 copies, compared with £2 or less for the sale videos. A two-hour film will take two hours to duplicate.

There is no high-speed copying done in this country. There are some high-speed machines being used in the US, but they produce only a small proportion of the tapes coming on to the market.

Mr David Tuckman, chairman of Fraser Peacock Video, the second largest video duplicating business in the UK, which has an exclusive deal for all Channel 5's duplicating, says the US machines would need a complete electronic redesign to work in the UK.

Thorn EMI Screen Entertainment, which set a day one record with its January launch of Rambo Part 2 selling 48,500 *copies to the trade, will enter* the sales market "this year, soon," says Mr Les Smith, general manager UK distribution.

As policy, the company, which has the rights to over 2,000 films, will not sell film videos until one to five years after the rental release.

"The maximum effort must be made in the early stages to protect the rental market because it is the most profitable area for both the retailer and the distributor," says Mr Smith. The UK, pioneer of the video distribution industry, is also leading the way in the sales market.

Warner's Mr Rozalla says: "What Levinson at The Video Collection has shown the Hollywood majors is that there is life after rentals exploitation. If the product is priced sensibly *it will sell in appreciable* volume.

"All the distributors are looking at the sale market with great interest. We are still a young business. Whoever expected us to get it right in three or four years?"

Ulster's strike call

The tensions within the Unionist ranks

By Margaret van Hattem

IF next Monday's strike in Northern Ireland succeeds in bringing the province to a grinding halt, Mr James Molyneaux *and the Rev Ian Paisley will be* quick to point out that it was all their idea. As leaders of the two main Unionist parties it was, after all, they who issued the formal strike call in protest at the Anglo Irish agreement.

But if the strike should lead to mayhem, violence, injury and loss of life, they have their escape route ready. Yesterday they issued a "directive" to all taking part in the strike to behave peacefully and remain within the law. For, as Mr Paisley pointed out, to accept responsibility for anything else would be "very foolish." "We called the strike and we take responsibility for those who behave as we direct," he added. "But we are not controlling anyone."

It is not clear whether the irony of the last sentence was *intended*. But it has become increasingly clear since last Tuesday that the two Unionist leaders are indeed *not* in control—not even within their own parties.

To fascinated observers, inside and outside the Unionist parties and paramilitary movements, it *is clear that* a power struggle is taking place.

The Unionist U-turn 12 hours after grasping Mrs Thatcher's offer of a face saving formula has baffled many on both sides of the Irish sea. Here was the Prime Minister offering them as much consultation as they wanted while she in return would consider all their requests on Westminster procedure and devolution talks.

At midday on Tuesday, Mr Molyneaux and Mr Paisley emerged from the meeting indicating that it would do. They did not like the Prime Minister's insistence that the agreement was not negotiable; but they would take up the offer of three weeks to think about things and consult their parties.

Twelve hours later, they announced that all talks with the *Prime Minister were off, and* that Monday's strike was on. What, wondered many, had happened.

First of all, Mr Paisley started to have second thoughts about how all this would go down at home. By 6 pm, when he arrived back at Belfast's Aldegrove Airport and spoke to reporters, it was clear he was not happy. Whereas at noon, Mr *Molyneaux had hinted the* though the threatened strike was nothing to do with him or Mr Paisley and they had no contact with the organisers it might not now go ahead, by 6 pm Mr Paisley was stressing how he had warned the Prime Minister that the strike could be dire and that she, too, had better rethink her position.

He then went home for a meeting with his deputy, Mr Peter Robinson (Democratic Unionist MP for North Belfast), and a group of Loyalist activists who have for some time been working with Mr Robinson, and who include representatives of the Ulster Defence Association (the legal Unionist para military organisation), the Orange Order, the Apprentice Boys (another Loyalist organisation) and worker representatives

At this meeting, Mr Paisley defended his earlier position, arguing it was clear Mrs Thatcher was not going to budge and that at this stage, a strike might be inadvisable. But Mr Robinson insisted that Mrs Thatcher's offer was insultingly inadequate, and that the various Loyalist groups were now all geared up and eager to strike.

Members of several Loyalist organisations have subsequently accused Mr Robinson of misrepresenting them—he, they say, is the one pushing for action; they have merely responded to his demands.

Mr Robinson then invited the group to accompany him and Mr Paisley to the Official Unionist Party's Glengall Street headquarters in Central Belfast for a meeting of the joint steering committee, set up to coordinate resistance to the agreement and comprising representatives of both Mr Paisley's DUP and Mr Molyneaux's OUP.

Several OUP members were annoyed at the way the DUP *seemed to be taking over their* headquarters and insisted that Mr Robinson's Loyalist group should not be admitted to the meeting. So they remained in a downstairs room at headquarters while the meeting went on upstairs. But their presence appears, in some way, to have made itself felt.

Whereas all the OUP MPs present including Mr Molyneaux began by supporting the original response, they ended up opting for a breaking off of talks and a strike.

Both Mr Paisley and Mr Robinson appear to have argued persuasively at this meeting for the harder line, and to have been supported by Northern Ireland Assembly members and other representatives of both parties. At one point, Mr Molyneaux indicated that, in view of the rebuff to his earlier decision, he felt it was only proper for him to resign. But he was *quickly talked out of this*, especially by Mr Paisley

Within the DUP, it is clear from Mr Paisley's flurried and contradictory statements within the last 24 hours that he has been rattled by Mr Robinson's fast footwork.

For several years now, Mr Robinson has been largely responsible for building up the party machinery while Mr Paisley took the more public role. In the process he has constructed a strong power base. In recent weeks, moreover, he has broadened this base, reaching out to activists in established loyalist movements as well as the mushrooming but still unco-ordinated committees of workers and paramilitaries.

Meanwhile, back at the OUP a number of members—including Mr Harold McCusker, the deputy leader, and Mr Frank Millar, the general secretary—have shown signs of disenchantment with Mr Enoch Powell's influence on the party. They have dropped hints that they would support a much more radical strategy—possibly even including direct negotiations with Dublin—if that would lead to the replacement of the Anglo-Irish agreement by something that put Dublin's relations with Unionists on a more stable footing.

Mr Molyneaux, so far under no direct threat, has survived many past challenges by sitting tight, keeping his head down and re-emerging when his rivals over-reached themselves and toppled. Perhaps, this time, Mr Paisley is taking a leaf from his book.

Letters to the Editor

Orderly House

From the MP for Halesowen (C)

Sir,—Kevin Brown spoils his interesting and otherwise perceptive article (February 22) on the House of Lords by attacking its ceremony and love of tradition. Ceremony is an essential part of the constitution, as Walter Bagehot pointed out a century ago, and pageantry and tradition emphasise the continuity of this ancient nation.

Mr Brown sneers at the Lords' lingering attachment to the Middle Ages and writes of sensible men dressing up in pantomime costume when the Queen opens Parliament, and the silly ceremony of the introduction of new peers, but ordinary people love these things and greatly value them. Indeed, it is probable that the humblest to the highest in the land feel a glow within them when they see the opening of Parliament which is quite beyond the ken of intellectuals. As they watch, they feel part of the glorious history of England and they see the Queen wearing her Crown and sitting on her throne who represents every one of us. The splendour of the Lords wearing their coronets and in their scarlet and *ermine* robes, the bishops and the judges all help to underpin the monarchy.

Even republican France still relies heavily on Napoleonic tradition in public ceremonies. But when it comes to ceremony this country does it better than anyone else—and quite naturally with *no* heel clicking, but perfect dignity. No wonder we are proud of it. It also adds greatly to the cohesion of the nation.

John Stokes,
House of Commons.

Bare facts about hospital cover

From Mr J. Chawner

Sir,—Your otherwise excellent report, "Cover for your hospital bed" (Finance and the Family, February 15) omits any mention of the shortfall which can arise between the expected and actual return on hospital cash plans.

Although schemes offering additional benefit open up the possibility of private health care to those who could not otherwise afford it, the benefits offered are nothing like the total cost of, for example, maternity cover. The figures in your table of £50-£160 a week compare with, to take one component, daily pay bed charges of £110-£175.

While all of these schemes offer benefit for each day spent in hospital, this is not the same as each day absent from work due to illness. With the improvement of medical knowledge and increasing availability of day-care surgery, the average length of stay in hospital is declining, whereas the time needed for convalescence is not. The expected number of days' hospitalisation due to acute illness is 0.8 per annum for an individual or less than a day a year, whereas the average working time lost due to illness a year is three weeks.

While additional benefits may make the schemes attractive, they do not form the income protection plan which a self-employed person might seek. The British Medical Association has received reports from doctors of this misconception of the extent of cover; it welcomes the opportunity of drawing it to readers' attention.

J. R. A Chawner,
Chairman, BMA,
Private Practice and Professional Fees Committee,
Tavistock Square, WC1.

Expediency over duke's right

From Mr R. A. Bickford-Smith

Sir,—The decision of the European Court of Human Rights concerning the Grosvenor Estate case (FT, February 22) seems to be a blatant example of bad law unsupported by the redeeming feature of being a hard case.

Every long lease entered into *prior* to the 1967 Act took account (through its premium and rent provisions) of the parties' respective obligations, including the fact that at the end of the lease term the property would revert to the freeholder. Likewise, the price upon sale of such a lease reflected the continuation of the freeholder's continuing rights and obligations under the lease.

Accordingly, to deny a freeholder full and fair compensation upon compulsory enfranchisement (even if only in the case of anomalies) on the basis of arguments concerning a tenant's purported moral entitlement to own his own home or the fact that the landlord made no contribution to the maintenance of the property after granting the lease is inherently flawed, and to accept them (as the court appears from your report to have done) betrays either a lack of intellectual rigour or a surrender to expediency.

Any long leases granted subsequent to the 1967 Act would *take account of its provisions*, and in such cases the freeholders would be fully bound by the Act, but such leases must be few by comparison with those dating from before the Act.

I own no ground rent, neither *do* I hold any particular brief for the Duke of Westminster. However, we do our European institutions no favour by overlooking their shortcomings, and that is just what we would be doing if we raised no objection to human rights being overridden by expediency.

Roger A. Bickford-Smith,
Condurrow, Grylls Parc,
Helston, Cornwall.

A vivisector's charter

From Mr C. I. Trew

Sir,—Among the 70 or more MPs who have taken a moral stand in supporting the demands and objectives of Mobilisation for Laboratory Animals are: Sir Bernard Braine (Conservative), Tony Benn (Labour), Mike Hancock (SDP) and David Steel, the leader of the Liberal Party.

Unfortunately, their courage and their support for laboratory animals, though praiseworthy, will not be enough to prevent the Government's Animals (Scientific Procedures) Bill, which was recently introduced into Parliament, from being placed on the statute book in May.

The new Bill, justly condemned as a Vivisector's Charter, does not prohibit one single area of animal experimentation (even cosmetics experiments are to be allowed to continue unabated) nor is it likely to save a single animal from experimentation; and to add insult to injury, some experimental procedures which are at present forbidden under the Cruelty to Animals Act 1876 are to be legalised. One such procedure involves the use of living animals for the purpose of practising microsurgical skills.

For 109 years the Anti-Vivisection Movement has worked *in vain* within this country's democratic framework and in a peaceful manner for legislation of benefit to laboratory animals, legislation that would at the very least pave the way towards the total abolition of a mode of science *described by Gandhi* as "the blackest of all the black crimes."

The new Bill will do nothing to reduce or relieve the multitudinous sufferings of millions of laboratory animals, nor will it do anything to allay the regrettable drift of once moderate anti-vivisectionists towards the use of violence against vivisectors. Only time will tell if the pen is indeed mightier than the sword.

C. I. Trew
28 Clifton Road
Poole, Dorset

Long-term boost for savings

From Mr T. S. Lewis,

Sir, — Nick Bunker (February 22) refers to the decline in sales of National Savings certificates. One way of encouraging more people to buy certificates —and perhaps what is more important to the Government, not to dispose of them — is to exclude all National Savings certificates that have been held for more than five years from capital transfer tax.

That would give investors in National Savings certificates a real incentive to hold them for the benefit of their heirs and successors.

T. S. Lewis,
Inchdura House,
North Berwick,
East Lothian.

Reforming the tax on jobs

From Mr H. Law.

Sir,—Michael Prowse is performing a useful service by drawing attention to the need to reduce the tax on jobs (Lombard, February 21). As he rightly says, the Chancellor's aim should be to raise revenue in ways which do not discriminate against employment.

Unfortunately, the proposals which he puts forward would not make things any better. To replace National Insurance contributions (NICs) by expenditure taxes would remove the wedge between employer and labour, only to replace it with a wedge between industry and consumers. And replacing NICs by income taxes which discriminated against capital would discourage capital formation, which cannot be a good thing for the economy.

The tax wedge is an example of the first rule of taxation: individuals arrange their affairs so as to minimise their tax liability. Hence the well-known consequences of the Window Tax: bricked-up windows.

Because of this rule, taxes on wages will lead to less employment, while taxes on interest will diminish capital. That leaves taxes on the rental value of land. One of the few things that economists are agreed on is that taxes on the value of land cannot be passed on, and that being so, the only way in which individuals can minimise their liability to such taxes is to hold no more land than they need.

Thus, the consequences of a change from taxes on labour and capital to a tax on land values would be an efficient land market and the elimination of tax wedges against employment and the use of capital. Or is there a catch somewhere?

Henry Law.
19, Queen's Gardens,
Brighton.

'Knee-jerk' response at Sellafield

From Mr S. Martin,

Sir, — David Fishlock performed a valuable service in his article on Sellafield (February 21). He described why the plant cannot be closed down because of its "paramount role as custodian of existing nuclear materials."

Following the recent spate of accidents at Sellafield there have been many calls to close the plant. This may have been a "knee jerk" response, as the nuclear industry and its supporters would like us to believe, but what was intended was to stop reprocessing, not necessarily to close the whole complex.

It is not the receipt and storage activities of Sellafield which are under attack but the reprocessing of spent Magnox fuel and the future reprocessing of AGR and PWR fuel. Reprocessing is responsible—for most radioactive discharges and accidental releases. Even if reprocessing ceased there would still be a need for storing and supervising the spent fuel on site for thousands of years, researching the solidification of high level liquid wastes and safeguarding the plutonium stockpile.

Once this is understood it becomes clear that when Dr Jack Cunningham, MP, talks of 11,000 redundancies at the plant he is being alarmist. Ending reprocessing would not mean "mass unemployment." It would cause some job losses, but they could be counted in hundreds rather than thousands. Indeed, even Dr Cunningham argues that the phasing out of reprocessing over the next decade does not pose an immediate threat to jobs. I submit that phasing out nuclear power altogether will not pose an immediate threat to jobs because of the supervisory element of many of those jobs.

Of course, even a few hundred redundancies in his constituency must worry an MP, but it is not sufficient cause to force the official Opposition into supporting the unsupportable at Sellafield, against the policy decided at last year's Labour Party conference. What is needed is to direct investment into areas dependent on a single industry. This is equally the case for the steel and coal industries as for the nuclear industry.

Steve Martin.
11 Forth Street, Edinburgh.

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			9.50 Higher interest account 90 days' notice or charge
			5.50/8.81 Cheque-Save
			9.05/9.50 "City" Cheque-Save
Aid to Thrift	*9.20	—	— * Easy withdrawal, no penalty
Alliance and Leicester	7.00	8.00	9.75 Premium Plus min. £500, immediate withdrawal (penalty if balance left is under £10,000) interest annually/mthly.
			9.25 Gold Plus £2,500+, 8.75 minimum £500, immediate withdrawal, interest annually/monthly
			8.75 Banksave Plus balance £2,500+, 7.75 under £2,500 current account minimum initial investment £500
Anglia	7.00	8.00	9.00 Instant Gold £250-£4,999 no notice/penalty
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			8.85 Special invest. (28 days' notice) 8.85 monthly inc. a/c
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Century (Edinburgh)	8.85	—	9.30 Guaranteed rate 2/3 years (or variable account)
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Cheltenham and Gloucester	—	8.00	9.75 Cheltenham Gold. No not./pens. £10,000+ 9.75, £5,000-£9,999 9.50, £500-£4,999 9.00. Under £500 7.00. Mly. int.
Cheshunt	7.00	8.50	9.75 £5,000-£250,000, 9.25 £1,000-£4,999 instant acc. no pen.
City of London (The)	7.25	8.75	9.60 3 months' notice—no penalty—monthly income
			9.00 7 days' notice, immed. access for amounts over £2,000
Coventry	7.00	8.25	9.85 3-year bond £1,000+, close 90 days' notice and penalty, monthly income option, guaranteed 2.85 differential
			9.55 Moneymaker £10,000+, 9.30 £5,000+, 9.00 £1,000+ instant access no penalty, monthly income option
Derbyshire	7.00	8.25	9.75 3 months' notice. Up to 9.50 no not./pen. monthly int.
Frome Selwood	7.00	10.50	10.50 Gold Minor account for 0-18-year-olds
Gateway	7.00	8.00	9.55 Gold Star £10,000+. No notice. No penalties. 9.30 £5,000+, 9.00 £1,000+ monthly interest available
Greenwich	7.00	—	9.75 60-day account (no notice account 8.75-9.25)
Guardian	7.65	—	10.00 6 months' notice £1,000 min. access to bal. £10,000+
Halifax	7.00	8.00	9.50/9.25/9.00/8.75 Instant Xtra (minimum £500)
			9.50 90-day Xtra, 90 days' notice/no penalty (minimum £500)
			9.00 Cardcash (£2,000+), 7.00 (£1-£1,999)
Heart of England	7.00	8.25	9.80 and 9.55 High interest. 8.50 Gold Key
Hemel Hempstead	7.00	8.50	9.50 Monthly income, 8.75 28 days, 9.00 60 days
Hendon	8.00	—	9.00 7-d. a/c. Min. £500 3-m. 9.75. 6-m. 10.00 (min. £1,000)
Hinckley and Rugby	7.00	9.80	9.80 £20,000 High Rise wdl. no pen. Rate varies with balance
Lambeth	7.15	8.25	10.00 Und. £10K, 10.25 ov. £10K mag. a/c 6 w. + loss of int.
Leamington Spa	7.10	—	9.25 £20,000 min. Spa in. mly. no not./pen., 8.75 £5,000 min.
			9.50 High flyer—no notice/no penalty £10,000 minimum
			9.25 High flyer—£5,000 minimum, 9.00 £500 minimum
			10.15 Super share no not. 14 days' penalty £20,000 minimum
			9.85 Super share £5,000 minimum, 9.55 £2,000 minimum
Leeds and Holbeck	7.00	8.75	9.80 Monthly interest. 9.25 28 days', 9.80 60 days' notice Up to 9.50 immediate access—no penalty
Leeds Permanent	7.00	8.00	9.50 HRAS 3 months' notice. Liquid Gold 9.00 £500+, 9.25 £5,000+, 9.50 £10,000+. No penalty/no notice
London Permanent	7.75	—	9.00 28 days' notice or immed. wdl. no pen. if bal. £5,000+
Midshires	7.00	—	9.50/9.25/9.00 Instant access/no penalty. Min. balance £100
			10.00/9.75 30 days' notice or penalty. Min. balance £1,000
Mornington	9.10	—	9.10 £2K, 9.25 £5K, 9.35 £10K+, 9.50 £20K+
National Counties	‡7.30	8.55	9.80 90 days' notice, no penalty £10,000+. ‡ £1,000
National and Provincial	7.00	8.00	9.50 APEX 3rd iss. (+2.50 gtd. 3 yrs.) 60-day notice/penalty
			9.50 Special share 60-day notice/penalty unless £10,000+
			9.50 Money man. £5,000+. No notice, no penalty
Nationwide	7.00	—	9.00 Flexaccount cashlink £2,000+, 7.25 £25-£1,999
			9.50 Bonus Builder £10,000+, 9.25 £5,000+, 9.00 £2,000+, 8.75 £500+, 8.00 £100+, no notice, no penalty
			9.50 Capital Bonds 3 yrs., 2.5 gtd. diff. 90 days' not./pen.
Newcastle	7.00	8.25	9.50 (plus bonus) two-year term, 9.25 7 days' notice. On demand by arrangement
Northern Rock	7.00	8.25	9.55 Moneyspinner plus £10,000 or more, instant access
			9.30 Moneyspinner plus £5,000 or more, instant access
			9.05 Moneyspinner plus £500 or more, instant access
Norwich	7.00	8.25	9.75 90 days' notice, no penalty £10K+ no penalty/notice
Peckham	7.65	—	8.65/9.75 immediate withdrwl: if over £2,000. Monthly income
Peterborough	7.00	8.30	9.75 Premium shares inst. acc. £5,000+ (8.95 under £10,000)
Portman	7.00	9.25	9.85 Prem.-plus £10,000+, min. £1 9.25 3 m. not. or 1 m. pn.
			9.60 Flexi-plus £10,000+. Minimum £500 9.00. No not./pen.
Portsmouth	7.15	8.65	10.00 3-year, 9.80 90-day, 9.15 30-day, 8.70 7-day
Property Owners	7.50	9.00	8.85 Instant access minimum £500
Regency	7.00	—	9.80 £10K+, 9.55 £5K+, 9.30 £500+ no notice/penalty
Scarborough	7.00	8.25	9.15-9.55 over 55s no notice/penalty MI minimum £2,000
Skipton	7.00	8.25	9.90 Sovereign £10,000+, 9.70 £5,000-£9,999
			9.25 £500-£4,999 inst. acc./no pen. MI 9.25 min. £2,500
Stroud	7.00	8.25	10.25 2 years, 10.00, 9.75 9.50, instant or notice
Sussex County	7.00	8.50	9.25 Instant access, 9.50 monthly income
Thrift	8.00	—	9.00 3-year term. Other accounts available
Town and Country	7.00	—	9.75 2-year term £10,000+, 9.50 £500-£9,999 wdrwl. available
			9.90-5.75 Moneywise cheque-Visa. Interest varies with bal.
			9.75 Super 60 ½-yearly interest £500, wdl. avail., mthly. inc.
Wessex	9.50	—	— No notice—no penalties—minimum £1
Woolwich	7.00	—	9.00 Prime £500+, 9.25 £5,000+, 9.50 £10,000+, no not./pen.
			9.52 Capital, 90 days' notice/penalty. Minimum £500
Yorkshire	7.00	8.00	9.80 Plat. key £10,000+ wdl. no pen. —£10,000 60 d. nt./pn.
			9.50 Classic key monthly income

All these per cent rates are after basic rate tax liability has been settled on behalf of the investor

'Considerable progress' at Lloyds

BY MICHAEL CASSELL

Lloyds Bank, which yesterday announced a 20 per cent jump in pre-tax profits to £561m, made "considerable progress" during 1985, according to Sir Jeremy Morse, the chairman.

In addition, he said that Lloyds had entered 1986 with a new management structure, improved capital ratios, increased capital resources and higher profitability. "Recognising that the world economy is delicately poised, we have made ourselves as strong as possible to withstand any sudden, unexpected blows and, at the same time, we have the resources available to take advantage of opportunities whenever they occur."

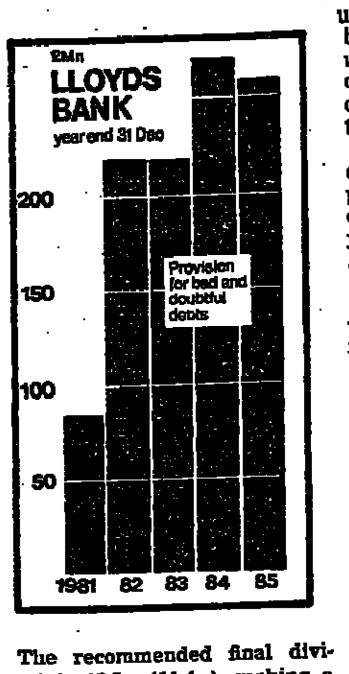
Benefits of the merger of Lloyds Bank International with Lloyds Bank would, he said, begin to flow through during 1986. The bank also expected to gain from reinvestment of proceeds received from the sale of low-yielding investments during 1985 and from the lower rate of corporation tax promised in the UK.

Earnings per share in 1985 rose by 43 per cent to 93p (65p). There was a 6 per cent increase to £1.53bn in net interest revenue and a rise of 12 per cent to £669m in other operating income, derived from a growing number of fee-earning services in the UK.

Average total group assets fell from £43bn to £42.8bn. Domestic assets rose 14 per cent and, in US dollar terms, international assets rose to $35bn. But the fall in the value of the dollar led to a 9 per cent decrease in sterling terms.

The bank, for the first time, has provided a geographical breakdown which shows that UK taxable profits rose from £349m to £460m and Europe, excluding the UK, rose by £20m to £61m. North American profits fell marginally from £71m to £70m, but there was a useful recovery in central and south America which, despite the need for further provisions, contributed a more than doubled £32m. In the Far East and Middle East, however, significant losses of £49m (£10m) were incurred after bad debt provisions.

Group post-tax profits reached £331m, a 40 per cent rise over 1984's £237m. Tax was lower both in absolute and in percentage terms at £230m (£231m), largely because of a lower rate of UK corporation tax and a smaller charge for general provisions.



The recommended final dividend is 13.5p (11.4p), making a total of 21p per share (17.7p adjusted). Dividends for 1985, at £75m (£62m) are covered 4.4 times (3.7) by earnings. A one-for-two scrip is proposed.

The bank has been building up capital ratios; two issues of undated loan capital helped bring the primary capital ratio up to 8 per cent while the ratio of equity to total assets rose over the year from 4.7 per cent to 5.3 per cent.

Shareholders' funds at the end of 1985 were £2.3bn, up by 12 per cent on 1984, with primary capital standing at £3.51m at the year end. Total capital stood at £3.92m against £2.93m a year earlier, and the risk-asset ratio improved to 5 per cent, compared with just over 8 per cent in 1984.

The profits were, once again, struck after a heavy charge of £257m, to provide for bad and doubtful debts, a little lower than 1984's £269m. The level of loan losses was marginally down in the UK, with small and medium-sized companies particularly hit.

Although the bank's cross-border lending to developing countries in 1985 was down by 16 per cent, additions to both general and specific provisions "recognised the uncertainty surrounding some troubled countries." Write-offs were less than the new provisions, and at the end of 1985 the balance of provisions rose to £665m, representing 2.21 per cent of customer lending.

See Lex

Dewey Warren shares plunge 38p

INCREASED competition in the accident and health insurance market, the weakening dollar and a higher than expected level of business development spending in Europe and the Far East, which produced no return, combined to hit profits of Dewey Warren Holdings in 1985.

The company's shares shed 38p to close at 125p, a low for the year.

On increased brokerage income of £3.5m (£3.29m), pre-tax profits for this USM-quoted Lloyd's insurance broker fell from £1.18m to £1.01m. From earnings per 10p share of 14.4p (14.7p) the directors are recommending a maintained final payment of 5p making a total of 7.5p (7p).

Burnett

Trading in the shares of Burnett & Hallamshire, the coal and property group, resumed on thet Stock Exchange yesterday after High Court confirmation of the company's financial reconstruction plan. The shares opened at 18p but fell 2p to close at 16p.

Saga profits jump by 60%

Saga Holidays, which specialises in holidays for retired people, lifted pre-tax profits by 60 per cent from £2.55m to £4.07m for the year ended October 31, 1985. Turnover was 11 per cent higher at £73.09m, against £65.76m.

The value of bookings from Saga's British customers for holidays to be taken in its current financial year is marginally ahead of last year.

The directors say it is too early to make accurate forecasts for the year, but they would expect this trend to be at least maintained and hopefully improved.

Comparable statistics in the US show an increase on last year and while there has been some evidence of a slowing in demand in recent weeks, the company expects to have another satisfactory year there.

The directors point out that although there appears, at present, to be a downturn in demand for travel to certain European destinations, the company's strength lies in its ability to offer alternative holidays.

Saga is currently enjoying significant growth in the sales of domestic holidays in North America and tours to Australia and the South Pacific.

The company look forward to the future with confidence, and is paying a final dividend of 3p for a net total up from 4p to 4.6p. Earnings per 20p share increased from 9.22p to 11.8p.

Gross profits climbed from £13.68m to £15.9m. Administration and marketing expenses took £13.95m (£12.63m), but net investment income added a higher £2.13m (£1.5m). Tax charge was £1.94m (£0.89m) and there was an extraordinary credit this time of £0.98m (£2.07m debit).

Net asets rose during the year from £6.93m to £9.22m and total investments from £16.93m to £21.88m. Both the company's assets and investment positions were considerably improved by the sale of the hotel division.

● comment

Saga's 60 per cent profits increase in a difficult market was undeniably commendable, but had been accurately forecast in the City and left the shares just 2p higher at 230p. In the UK, the group has suffered severe competition and has not been immune from the decline in popularity of Spain as a holiday destination, but a switch towards longer distance holidays and cruises is helping margins. There are signs of a decline in the popularity in the US for holidays in Europe, but Saga has adapted quickly to changing attitudes and is showing a strong increase in holidays to other parts of the world. Quite apart from trading growth, the disposal of Heritage Hotels will bring the elimination of £250,000 in losses and the fruits of the investment of £3.9m in proceeds from the sale. Profits of £5m look easily within reach, putting the shares on a prospective p/e ratio of 15 after a 45 per cent tax charge—rich for the sector, but understandably so.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Fri Feb 28 1986: Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 30%)	Est. P/E Ratio (Net)	xd adj. 1986 to date	Thurs Feb 27: Index No.	Wed Feb 26: Index No.	Tues Feb 25: Index No.	Year ago (approx.): Index No.	1985/86 High		1985/86 Low		Since Compilation High		Since Compilation Low	
1	CAPITAL GOODS (213)	673.47	-0.2	8.45	3.45	14.86	1.37	674.83	666.60	668.61	535.63	674.83	27/2/86	483.30	25/7/85	674.83	27/2/86	50.71	13/12/74
2	Building Materials (24)	712.64	+0.3	9.25	3.81	13.55	0.50	710.84	707.70	710.75	477.29	712.64	28/2/86	472.11	26/2/85	712.64	28/2/86	44.27	11/12/74
3	Contracting, Construction (27)	1040.69	-0.1	8.69	4.10	15.08	2.30	1042.05	1031.61	1031.56	688.91	1042.05	27/2/86	684.17	8/3/85	1042.05	27/2/86	71.48	2/12/74
4	Electricals (13)	1837.12	-0.4	7.98	4.13	16.33	1.50	1844.06	1844.58	1844.83	1504.98	1844.83	25/2/86	1289.36	10/7/85	1909.93	3/6/83	84.71	25/6/62
5	Electronics (38)	1679.33	-0.7	8.75	2.73	15.03	6.02	1691.33	1656.90	1669.34	1690.50	1977.60	9/1/85	1229.81	8/10/85	2049.85	13/11/84	1229.81	8/10/85
6	Mechanical Engineering (64)	375.60	+0.2	9.39	3.96	12.97	0.64	374.99	370.24	371.09	293.98	375.60	28/2/86	263.85	25/7/85	375.60	28/2/86	45.43	5/1/75
8	Metals and Metal Forming (7)	296.76	-2.6	7.43	5.58	16.44	0.00	304.72	300.52	300.10	182.56	304.72	27/2/86	165.08	14/1/85	304.72	27/2/86	49.65	6/1/75
9	Motors (18)	273.77	+0.1	8.60	3.37	14.19	0.34	273.45	270.83	267.84	159.77	274.96	24/2/86	142.57	3/1/85	274.96	24/2/86	19.91	6/1/75
10	Other Industrial Materials (22)	1192.25	—	6.35	3.82	18.70	2.35	1192.27	1180.55	1186.96	897.34	1202.95	24/2/86	828.60	3/1/85	1202.95	24/2/86	277.55	15/1/81
21	CONSUMER GROUP (184)	852.98	-0.1	7.94	3.28	15.83	2.07	853.76	847.83	844.33	617.58	853.76	27/2/86	604.96	3/1/85	853.76	27/2/86	61.41	13/12/74
22	Brewers and Distillers (23)	857.87	—	9.22	3.61	13.82	4.04	857.70	849.46	838.82	553.81	857.87	28/2/86	550.86	3/1/85	857.87	28/2/86	69.47	13/12/74
25	Food Manufacturing (22)	614.86	+0.1	9.82	4.13	13.16	1.68	614.39	605.60	603.35	496.07	614.86	28/2/86	471.62	25/7/85	614.86	28/2/86	59.67	11/12/74
26	Food Retailing (14)	1868.56	-1.3	6.42	2.48	21.18	5.78	1893.46	1878.92	1855.03	1408.36	1893.46	27/2/86	1400.36	1/3/85	1893.46	27/2/86	54.25	11/12/74
27	Health and Household Products (10)	1441.67	-0.3	5.29	2.29	22.21	0.25	1445.60	1441.51	1447.09	1014.75	1496.53	24/2/86	980.65	11/4/85	1496.53	24/2/86	175.38	28/5/80
29	Leisure (25)	859.81	-0.6	7.54	4.03	17.08	9.39	864.29	868.57	870.76	684.12	870.76	25/2/86	590.69	12/7/85	870.76	25/2/86	54.83	9/1/75
32	Publishing & Printing (13)	2137.69	—	7.91	4.26	15.96	2.36	2136.67	2115.20	2118.63	1783.19	2137.69	28/2/86	1445.15	3/1/85	2137.69	28/2/86	55.88	6/1/75
33	Packaging and Paper (15)	426.43	+0.4	8.10	3.73	14.68	0.09	424.85	420.99	421.05	307.76	426.43	28/2/86	286.36	3/1/85	426.43	28/2/86	43.46	6/1/75
34	Stores (43)	809.87	+0.1	6.63	2.68	20.40	1.06	808.97	808.17	802.97	541.76	834.96	25/11/85	529.47	19/2/85	834.96	25/11/85	52.63	6/1/75
35	Textiles (16)	472.71	-1.3	10.38	3.69	10.92	0.15	478.80	474.75	472.57	336.01	478.80	27/2/86	293.07	3/1/85	478.80	27/2/86	62.66	11/12/74
36	Tobaccos (3)	1061.04	+1.4	12.44	4.69	9.26	0.00	1046.45	1021.20	1027.26	878.82	1064.57	18/2/86	714.72	26/9/85	1064.57	18/2/86	94.34	13/6/62
41	OTHER GROUPS (85)	787.67	+0.1	8.74	3.79	15.00	1.50	787.13	774.86	767.46	657.65	787.67	28/2/86	605.99	3/1/85	787.67	28/2/86	58.63	6/1/75
42	Chemicals (19)	875.53	+0.9	11.42	4.62	11.58	2.32	867.43	858.60	857.22	806.85	881.93	24/2/86	645.96	26/9/85	881.93	24/2/86	71.20	1/12/74
44	Office Equipment (4)	250.02	-1.2	7.74	4.03	15.38	3.81	253.07	254.14	252.03	180.02	258.46	18/2/86	154.76	3/1/85	258.46	18/2/86	45.34	2/1/75
45	Shipping and Transport (12)	1531.61	-0.9	6.68	3.79	18.54	0.00	1545.16	1536.61	1532.24	1104.52	1545.16	27/2/86	958.08	3/1/85	1545.16	27/2/86	90.80	29/6/62
47	Telephone Networks (2)	935.26	+0.1	8.81	3.51	15.56	0.93	933.97	906.17	887.31	756.83	942.07	21/11/85	701.92	3/1/85	942.07	21/11/85	517.92	30/11/84
48	Miscellaneous (48)	974.34	-0.3	7.05	3.50	17.34	1.68	977.61	974.81	973.97	828.88	977.61	27/2/86	787.88	26/7/85	977.61	27/2/86	60.39	6/7/75
49	INDUSTRIAL GROUP (482)	799.13	-0.1	8.26	3.44	15.37	1.76	799.77	791.13	788.63	615.14	799.77	27/2/86	599.75	3/1/85	799.77	27/2/86	59.01	13/12/74
51	Oil & Gas (18)	1119.64	-1.6	19.48	8.10	6.05	21.65	1138.17	1134.54	1127.00	1169.64	1239.75	15/2/85	1042.21	3/1/85	1239.75	15/2/85	87.23	29/5/62
59	500 SHARE INDEX (500)	827.94	-0.2	9.43	3.99	13.24	3.30	829.97	821.67	818.76	661.40	829.97	27/2/86	636.98	3/1/85	829.97	27/2/86	63.49	13/12/74
61	FINANCIAL GROUP (118)	561.92	-0.5	—	4.32	—	0.28	564.63	561.43	560.11	441.43	564.63	27/2/86	430.10	4/1/85	564.63	27/2/86	55.88	13/12/74
62	Banks (7)	554.32	-0.4	16.65	5.65	8.48	0.00	556.34	548.30	550.21	446.86	557.37	21/2/86	420.58	15/4/85	557.37	21/2/86	62.44	12/12/74
65	Insurance (Life) (9)	832.91	-0.3	—	4.00	—	0.00	835.75	829.04	821.62	607.73	835.75	27/2/86	580.95	4/1/85	835.75	27/2/86	44.88	2/1/75
66	Insurance (Composite) (7)	460.94	-0.5	—	4.33	—	0.00	463.26	463.95	457.20	309.47	463.95	26/2/86	303.16	25/2/85	463.95	26/2/86	43.96	13/12/74
67	Insurance (Brokers) (8)	1251.13	-1.1	6.76	3.42	19.75	0.95	1264.86	1270.05	1271.45	1095.77	1315.27	12/2/86	1089.26	25/7/85	1315.27	12/2/86	65.86	16/12/74
68	Merchant Banks (11)	328.82	+0.1	—	3.17	—	0.06	328.43	326.09	326.00	234.15	328.82	28/2/86	220.65	3/1/85	328.82	28/2/86	31.21	7/1/75
69	Property (51)	730.46	-0.7	5.44	3.39	24.58	0.69	735.97	736.38	737.39	621.93	742.66	21/2/86	585.78	10/7/85	742.66	21/2/86	56.01	20/4/65
70	Other Financial (25)	331.60	-0.3	7.31	4.04	16.43	0.98	332.72	329.42	331.12	289.33	332.72	27/2/86	261.32	26/7/85	332.72	27/2/86	33.29	17/12/74
71	Investment Trusts (103)	693.51	+0.2	—	3.14	—	1.90	692.18	688.99	690.19	629.86	693.51	28/2/86	557.78	31/7/85	693.51	28/2/86	71.12	13/12/74
81	Mining Finance (3)	276.24	-0.5	12.11	5.62	9.61	0.00	277.55	279.58	280.62	289.14	311.08	15/4/85	240.20	5/8/85	337.57	10/4/84	66.31	30/9/74
91	Overseas Traders (14)	654.01	-0.8	13.26	6.39	8.94	7.85	659.31	654.03	652.92	656.82	687.15	22/1/85	562.27	15/10/85	687.15	22/1/85	97.37	6/1/75
99	ALL-SHARE INDEX (738)	750.83	-0.3	—	4.00	—	2.56	752.86	746.18	743.92	605.82	752.86	27/2/86	581.88	3/1/85	752.86	27/2/86	61.92	13/12/74

	Index No.	Day's Change	Day's High	Day's Low	Feb 27	Feb 26	Feb 25	Feb 24	Feb 21	Year ago	1985/86 High		1985/86 Low		Since Compilation High		Since Compilation Low	
FT-SE 100 SHARE INDEX ‡	1543.9	-5.6	1553.5	1537.8	1549.5	1534.6	1527.7	1533.0	1518.0	1250.8	1549.5	27/2/86	1206.1	3/1/85	1549.5	27/2/86	986.9	23/7/84

FIXED INTEREST

	PRICE INDICES	Fri Feb 28	Day's change %	Thurs Feb 27	xd adj. today	xd adj. 1986 to date
	British Government					
1	5 years	120.12	-0.06	120.19	—	1.45
2	5-15 years	135.07	-0.07	135.17	—	2.13
3	Over 15 years	142.05	-0.09	142.18	—	2.67
4	Irredeemables	156.79	+0.08	156.67	—	1.28
5	All stocks	132.63	-0.07	132.72	—	1.96
	Index-Linked					
6	5 years	109.08	+0.01	109.06	—	0.81
7	Over 5 years	110.37	+0.02	110.35	—	0.71
8	All stocks	110.14	+0.02	110.12	—	0.73
9	Debentures & Loans	115.05	+0.10	114.94	—	1.23
10	Preference	79.72	+0.09	79.64	—	1.67

	AVERAGE GROSS REDEMPTION YIELDS		Fri Feb 28	Thurs Feb 27	Year ago (approx.)	1985/86 Highs		1985/86 Lows	
	British Government								
1	Low	5 years	9.35	9.32	10.95	11.56	28/1/85	9.32	27/2/86
2	Coupons	15 years	9.73	9.70	10.79	11.20	28/1/85	9.70	27/2/86
3		25 years	9.73	9.70	10.32	10.72	29/1/85	9.70	27/2/86
4	Medium	5 years	10.60	10.54	11.97	12.39	28/1/85	10.54	27/2/86
5	Coupons	15 years	10.10	10.08	11.26	11.63	28/1/85	10.08	27/2/86
6		25 years	9.85	9.84	10.70	10.97	29/1/85	9.84	27/2/86
7	High	5 years	10.68	10.63	12.09	12.53	28/1/85	10.63	27/2/86
8	Coupons	15 years	10.27	10.26	11.49	11.76	28/1/85	10.26	27/2/86
9		25 years	9.94	9.91	10.86	11.03	29/1/85	9.91	27/2/86
10	Irredeemables †		9.62	9.62	10.19	10.49	28/1/85	9.58	18/10/85
	Index-Linked								
11	Inflat'n rate 5%	5 yrs	4.26	4.23	0.0	5.18	14/1/86	4.23	27/2/86
12	Inflat'n rate 5%	Over 5 yrs	3.71	3.70	0.0	4.01	20/1/86	3.70	27/2/86
13	Inflat'n rate 10%	5 yrs	3.20	3.17	0.0	4.23	14/1/86	3.17	27/2/86
14	Inflat'n rate 10%	Over 5 yrs	3.55	3.54	0.0	3.85	14/1/86	3.54	27/2/86
15	Debs &	5 years	11.29	11.32	12.29	12.78	27/1/86	11.06	10/10/85
16	Loans	15 years	11.09	11.10	12.15	12.37	29/1/85	11.04	21/10/85
17		25 years	10.88	10.89	12.00	12.37	29/1/85	10.88	28/2/86
18	Preference †		12.16	12.17	12.91	13.14	29/1/85	11.73	25/10/85

‡ Opening index 1553.5; 10 am 1552.4; 11 am 1548.3; Noon 1540.3; 1 pm 1538.5; 2 pm 1538.3; 3 pm 1541.8; 3.30 pm 1543.3; 4 pm 1543.4.

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Telephone Networks	30/11/84	517.92	Food Manufacturing	29/12/67	114.13
Electronics	30/12/83	1646.65	Food Retailing	29/12/67	114.13
Other Industrial Materials	31/12/80	287.41	Insurance Brokers	29/12/67	96.67
Health/Household Products	30/12/77	261.77	Mining Finance	29/12/67	100.00
Other Groups	31/12/74	63.75	All Other	10/04/62	100.00
Overseas Traders	31/12/74	100.00	British Government	31/12/75	100.00
Mechanical Engineering	31/12/71	153.84	Do. Index-linked	30/04/82	100.00
Office Equipment	16/01/70	162.74	Debs. & Loans	31/12/77	100.00
Industrial Group	31/12/70	128.20	Preference	31/12/77	76.72
Other Financial	31/12/70	128.06	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A new list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4, price 15p, by post 28p.

McKechnie bid for Tonks gets backing

By David Goodhart

THE £150m all-share bid by Williams Holdings for fellow Midlands manufacturer McKechnie Brothers has been blocked. By the hairline margin of 21,884,561 votes to 20,583,808, McKechnie shareholders yesterday supported their board's bid for Midlands building products group Newman Tonks.

Williams made rejection of the Tonks deal a condition of proceeding. Under Takeover Panel rules, it is now bound not to bid for McKechnie for at least a year, even if McKechnie's own bid for Tonks fails.

In a 70 per cent poll of shareholders 48.5 per cent of those voting rejected the deal and 51.5 per cent accepted. A close vote had been expected and McKechnie's public relations company had prepared two press releases, one for success and one for failure.

The Newman Tonks chief executive, Mr Edward Barnes, pointed out that it was unusual for a board to have such a large vote against a resolution. He added: "We always felt McKechnie had only bid for us because of their threat from Williams. Now that has gone they should abandon the bid for us, which has no logic."

The closeness of the vote is a tribute to institutional interest in fast-growing Williams, run by entrepreneurs Mr Nigel Rudd and Mr Brian MacGowan. The decision is nevertheless a setback despite Williams' confidence that it can pas on its 6.2 per cent stake at a £2m profit—perhaps suggesting another predator in the wings.

Williams may have blundered not spelling out earlier that it would not bid for McKechnie if the Tonks deal went through. The loophole it left in its original statement led some institutions to believe they could support both bids. The loophole was finally closed on Thursday, a day after the proxy votes had to be delivered.

Dr Jim Butler, McKechnie chairman, expressed his relief at the outcome and said: "We can now proceed with this most logical bid."

But with McKechnie's share price clipping 42p to 196p on yesterday's news it will almost certainly have to increase its two-for-three share offer if it is to win Tonks.

Williams slipped 14p to 506p, while Newman Tonks rose 1p to 128p.

Home Charm talks fuel price rise

THE SHARES of Home Charm soared to 390p yesterday as Mr Manny Fogel, announced that the company was in talks which could lead toa bid. At that price the DIY retailer is valued at £170m.

The market was rife with rumours but by the end of the day many potential bid candidates, including W. H. Smith, Dixons, Sainsbury, Asda-MFI, Tesco and Sears had been ruled out. A bid from Woolworth was immediately discounted because of the likelihood of a monopolies refence.

A hostile bid is highly unlikely with Mr Fogel and his family trusts holding 18 per cent of the equity.

Home Charm is thought to have hada fairly flat year in 1985. Pre-tax profits may have been no more than £12m against £10.8m, although some analysts are predicting a strong upsurge in 1986 taking profits to £17m. On that basis the prospective earnings multiple at last night's close is 18.6.

IEP raises Molins stake after BAT sale

IEP Securities, the investment holding company controlled by Mr Ron Brierley, the New Zealand businessman, has nearly doubled the size of its holding in Molins, the cigarette equipment maker, following the safe of BAT Industries' large Molins stake.

This prompted an 11p rise in Molins' share price yesterday, taking it to 174p.

IEP increased its holding in Molins to about 19 per cent from 10.5 per cent. The rest of BAT Industries' 29.9 per cent stake in Molins has gone to about eight UK financial institutions.

BAT had said it was willing to sell its shares following the failure of an attempt by Molins' management last December to stage a £60m buy-out of their company.

Stockbrokers De Zoete & Bevan yesterday arranged the sale of BAT's 29.9 per cent holding in Molins ordinary shares at 170p per share and its 25 per cent stake in the preference shares for a total of £15m.

Mr Christopher Ross, Molins' managing director, said IEP had indicated its holding was a long-term investment, but Molins was trying to get a better understanding of his intentions. Molins, a capital goods manufacturer, differed from most companies in which IEP had holdings, he said.

FNFC in agreed £47.5m cash bid for P & O offshoot

BY MICHAEL CASSELL

First National Finance Corporation, the rehabilitated consumer credit and property lending group, has made an agreed £47.5m cash bid for TCB, the Peninsular & Oriental Steam Navigation subsidiary which specialises in lending to small and medium-sized corporate customers.

The acquisition represents an attempt by FNFC, one of the biggest casualties of the fringe banking crisis of the early 1970s, to broaden the base of its lending activities. The group's consumer credit business has been increasingly successful and the P & O purchase will enable it to expand the secured corporate lending side of its operations.

Mr Richard Langton, chairman of FNFC, said the acquisition underlined the group's determination to establish a significant, alternative leg to the business by boosting the existing activities of its lending and property division.

He added "To increase the size of our own lending and property division substantially by organic means would take considerable time and management resources. We have had one eye on TCB since we have been back in full health and the purchase helps us achieve our objective more rapidly."

Mr Langton emphasised that the purchase did not represent a move back into the type of lending business which brought about its earlier problems.

The cash purchase, to be financed by a rights issue of convertible preference shares, also reinforces the extent of FNFC's recent recovery. At one stage, the group owed £350m to the Bank of England lifeboat, but it recently repaid the outstanding £32m and has just paid its first dividend since 1974. Last year, its pre-tax profits rose to a record £22.1m. At October, 1985, shareholders' funds totalled £52m.

TCB, which was acquired by P & O when it bought control of Bovis, the construction group, has a current lending book of around £160m. A licensed deposit-taker, its principal activity involves short and medium-term loans to industrial and commercial companies.

The P & O subsidiary last year recorded pre-tax profits of £7.7m and total assets of £229.2m. It has about 650 loan accounts, with most of its customers in the south east. Loans are usually up to five years and made on a secured business, normally through mortgages on land and buildings.

FNFC's property and lending division, which produced £8.3m in pre-tax profits last year, is involved in arm's length property lending, residential and property development. Lending business comparable with the TCB operation is running at around £20m.

As part of the sale agreement, P & O has agreed to take a warrant for 3.5m FNFC ordinary shares which, when exercised, will give P & O 2.5 per cent of FNFC's share capital. Details of the rights issue are expected around March 10.

J. Kent £1.25m rights to boost shareholders' funds

HIGHER INTERIM profits and dividend and a rights issue to raise £1.25m net in order to strengthen shareholders' funds after more acquisitions, are announced by John Kent, the men's clothing retailer quoted on the USM.

The rights will mean the issue of 2m shares at 70p each on the basis of one-for-five, and it has been fully underwritten. The directors are taking up their entitlement as to 50 per cent and Amber Day Holdings is not taking up its rights for any of its 570,000 new shares.

The company has acquired the Acuman group of menswear shops comprising five units in the City and West End for some £500,000 cash, including leaseholds, stock, fixtures and fittings. It has also exchanged contracts for the purchase of David Cedar, a menswear group of six shops in the Home Counties; consideration will be £725,000 cash.

For the half year ended November 23 1985 Kent's turnover rose from £5.6m to £6.77m and the operating profit from £315,000 to £388,000. The pre-tax balance was £402,009 against £321,000, and the interim dividend is lifted to 0.5p net (0.425p).

The period saw the continuation of the refurbishing programme. Christians did not come up to best expectations, but trading for the new season has made a promising start.

To date all acquisitions and refurbishment have been financed from within or from borrowing, and the rights is being made to strengthen shareholders' funds. The shares not being taken up will be placed by James Capel with institutional investors and this should broaden the market in the shares.

Derek Crouch upsurge

FROM A maintained turnover of £65m, Derek Crouch has lifted its operating profit by £1m to £3.49m and its pre-tax balance by £1.37m to £3.13m for 1985.

The group's UK opencast mining operations performed well despite the bad summer weather. The ending of the NUM strike and the lifting of contractural tonnage restrictions in some areas helped. US coal mining operations gave improved profitability even though the markets for steam coal remain depressed.

Concentration on production monitoring and reduced borrowings—net interest charged was halved to £363,000—both reflected in the profit.

Private housing and retirement homes developments side continued its expansion policy, and is showing real signs of transforming the construction subsidiaries prospects.

Net profit for the year came to £2.54m (£1.8m) for earnings of 20.3p (14.5p) and the dividend is raised to 5.931p net (5.392p) with a final of 4.138p.

The current year is viewed with optimism.

Vosper goes into receivership

Vosper, the UK private-sector marine and engineering company based in Southampton, has gone into receivership, threatening 140 jobs.

The company blamed a lack of orders in its UK hovercraft building activities which now form the core of its business. Touche Ross, appointed receiver, said it hoped to see a British buyer come forward for the hovercraft business.

Neither Vosper nor Touche Ross was able to say how much the company owed, but Vosper warned that it might not be able to meet claims by unsecured creditors.

For the six months to April 1985, Vosper incurred a pre-tax loss of £2.8m on £3.64m turnover.

Vosper said yesterday that the future order position had worsened appreciably recently.

Vosper is still pursuing its claim for more than £60m compensation from the UK Government which nationalised its warship yard in the UK in 1977.

The outcome of the case and future negotiations with the UK Government over compensation could be critical for creditors.

Entertainment Production in red

As forewarned last September, Entertainment Production Services ran into losses in the half year to October 31 1985.

A pre-tax deficit of £395,000 has been caused partly by the decline in the company's traditional video leasing business and also by the need to increase the bad debt provision on some outstanding accounts.

For the same period of 1984 the company, which is quoted on the USM, made a £45,000 profit. First-half turnover was little changed at £1.41m (£1.5m); there was again no tax and loss per 5p share came to 5.53p (0.63p earnings).

Current trading is proving difficult, although the group is pleased with its cash and carry outlets which it hopes will number 60 by the end of April. The company has entered the direct sales market while retaining its video leasing business.

The company says that although these positive steps are being taken, it does not expect the full potential of their contributions to profits to be realised until the year ending April, 1987.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Arbuthnot Govt. sec. int.	2.5	Apr 15	2.75	—	11
Wm. Bedford‡	4.5	—	—	4.5	—
Derek Crouch	4.14	—	3.76	5.93	5.39
Dewey Warren‡	5	Apr 18	5	7.5	7
Highland Elect. int.	1	—	1	—	2.5
Intereurope Tech. int.	1.8	Apr 22	1.7	—	5.4
John Kent int.	0.5‡	Apr 14	0.43	—	1.5
Lloyds Bank	13.5	Apr 4	11.3*	21	17.67*
Noble & Lund	0.35	Mar 14	0.19	0.7	1.9
Rights and Issues inc.	3	—	2.8	4	3.8
Rights and Issues cap.	0.2	—	0.19	2.04¶	2.03¶
Saga Holidays	3	Apr 29	2.7	4.6	4
S. W. Wood int.	Nil	—	Nil	—	1

Dividends shown in pence per share except where otherwise stated.

*Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. ‡USM stock. §Unquoted stock. ¶Includes supplementary payment.

Suter makes £28m bid for UKO

By Charles Batchelor

Suter, the acquisitive engineering and distribution group headed by Mr David Abell, is making an agreed £28m takeover bid for UKO International, which makes lenses, spectacles and catering equipment.

David Abell believes it can apply its computerised distribution expertise to UKO's businesses. UKO makes more than 200,000 types of lens and has been trying to reduce recent high levels of stocks.

Its pre-tax profits fell to £1.23m in the six months ended September 1985 from £1.35m on turnover which rose marginally from £29.7m to £30.2m.

Suter, which already has a 14.9 per cent stake in UKO, is offering 37 of its own shares for every 42 of UKO. There is also a cash alternative underwritten by Suter's merchant bank, Robert Fleming, worth 185p for each UKO share.

Suter's shares rose 2p to 227p yesterday to value its offer a 200p per share. UKO rose 11p to 193p.

Suter estimated that its pre-tax profits rose to about £9.4m in 1985 from £4.1m the year before. It intends to recommend a final dividend of 2.8p making a total of 4.2p cmopared wtih 3.42p in 1984.

Mr Abell said this merger would give Suter control of four businesses which were market leaders in their field. UKO is Europe's largest lens manufacturer while in Britain UKO leads in spectacle cases, commercial tea and coffee machine manufacture and tea and coffee distribution.

Suter's most recent acquisition before UKO was Lake & Elliot, the steel foundry group, which it bought for £8m in March 1985

Hillsdown has 6% stake in Berisford

Hillsdown Holdings, the acquisitive food manufacturer, has acquired a 6 per cent stake in S & W Berisford, the sugar and commodity trading group currently talking on a possible takeover bid by Ferruzzi, the Italian food and agricultural group.

Hillsdown declined to comment on market speculation that the share stake could herald a bid. Berisford said yesterday that talks with Ferruzzi are at an early stage. Berisford closed at 202p, up 10p on the day. Hillsdown eased to 208p, down 3p.

Lexicon shares suspended at 118p

Shares in Lexicon, a US-based maker of digital sound equipment which joined the market only two months ago, were suspended yesterday at 118p. The Stock Exchange said that the suspension had been made at the company's request, "pending clarification of its financial position."

Messel, the company's broker and advisor to the float, was angry at the wording of the announcement, and requested that a new statement should be issued saying that the shares were suspended simply "pending further announcement." No such change had been made by last night's close.

Messel would not state the reason for the suspension. It seems that the company is in complex negotiations.

Lexicon raised about £2.6m at its flotation in December. In the year to August 1985 it made profits of $1.7m (£1.18m). The shares were issued at 115p, and have traded as high as 126p.

Schools Abroad reverses into WSL

Schools Abroad, the privately-owned company specialising in holidays for schoolchildren, is making a reverse takeover of WSL Holdings, in a share exchange worth at least £6.3m.

WSL has become a shell company following the spinning off of its laundry activities. It has since bought 75 per cent of H & C Travelway, a school tours business. WSL is issuing 8.43m new shares to the vendors of Schols Abroad, of which 7m will be retained and the rest will form part of a 3.5m share one-for-two rights issue to raise £1m for Schools Abroad's vendors and £900,000 for the holding company to be used to buy out the H & C minority.

Argyll extends

Argyll has extended its offer for Distillers until March 20. By the February 27 closing date 7,000 Distillers shareholders had accepted, representing 2.77 per cent of the shares. Argyll and concert parties now hold 14.21 per cent of Distillers.

Distillers itself announced yesterday it was close to completing negotiations on a £6m acquisition of the Verbunt Group of companies based at Tilburg, Holland.

Goodwin surges

Goodwin, the engineer and metal processor, has achieved more than trebled taxable profits of £353,000, against £101,000, for the six months to end-October 1985. Turnover was up from £3.35m to £4.88m and earnings per share were 2.94p (0.89p), after lower tax of £141,000 (£365,000).

The company, formerly known as R. Goodwin & Sons (Engineers), does not pay interim dividends.

CH Inds.

CH Industrials announced yesterday that it has sold its 27.7 per cent stake in Banro Industries. Last year CH made an unsuccessful takeover bid for Banro. There was speculation last night that the stake had been handed on to another predator.

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Wah Kwong may win time for reshaping

BY DAVID DODWELL IN HONG KONG

WAH KWONG, one of several ailing Hong Kong shipping groups, yesterday presented its 46 financial creditors with a 90-day interest payment plan intended to provide the company with breathing space to arange a debt restructuring that will stave off collapse.

Mr T. Y. Chao, founder and chairman of the group, told creditors that total debt spread between the publicly held Wah Kwong shipping and investment, the private Wah Kwong and Co, and the jointly-owned Venture Lines, amounted to US$820m.

Trading in Wah Kwong's shares was suspended a month ago, with the group revealing that depression in the world shipping market had taken it close to collapse. Wah Kwong is Hong Kong's third largest shipping group, with a fleet of 60 ships, and nine new vessels under construction.

The admission of the scale of its problems comes just months after the crash of Sanko Steamship, one of Japan's leading shiping groups. In addition, the Hong Kong-based C. H. Tung Group, which controls the publicly quoted Orient Overseas Holdings, is currently arranging a similar rescue. In July last year, Wheelock Maritime, once one of Hong Kong's leading shipping groups, was put into liquidation. Since then, the trading group of Jardine Matheson has declared its intention to withdraw completely from shipowning.

At the time of suspension, Wan Kwong appointed Amex Asia, the local merchant banking arm of American Express, as its financial adviser, with the job of analysing its financial position and recommending measures needed to ensure financial stability.

The interest payment plan presented yesterday proposes the release of Charter Hire by all creditors, with the payment of interest "at the regular rate" by Wah Kwong. Creditors are expected to say whether or not they will back the plan within three weeks.

Wah Kwong has proposed that major creditors make up a co-ordinating group to work with the shipper and its financial advisers. Standard Chartered Bank, understood to be Wah Kwong's main banker, has already indicated in principle that additional standby credit is available.

About 40 per cent of group debt is outstanding to Japanese creditors, Mr Chao said, with 25 per cent owed to British banks, and 20 per cent to US institutions.

Wah Kwong yesterday published cashflow figures which "established that the group's revenues will be sufficient to support all of its trading obligations as well as interest payments" during the 90-day payment plan.

EUROPEAN OPTIONS EXCHANGE

Series		May Vol.	May Last	Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Stock
GOLD C	$340	58	13.50	68	25 A	3	31	$ 338.70
GOLD C	$360	41	6.30	10	14.50	—	—	"
GOLD C	$380	34	2.80	37	7	—	—	"
GOLD C	$400	35	2	40	5	—	—	"
GOLD P	$320	10	4.50	3	5.80B	—	—	"
GOLD P	$340	25	10	—	—	—	—	"
		Mar.		June		Sept.		
£/FL C	Fl.365	10	5 A	—	—	6	8	Fl.366.35
£/FL C	Fl.380	23	0.80	—	—	2	4	"
£/FL C	Fl.385	—	—	21	2.30	7	3.10	"
£/FL P	Fl.365	1	4.20	10	13	—	—	"
$/FL C	Fl.245	—	—	560	10	—	—	Fl.250.60
$/FL C	Fl.250	126	4	12	6.80	10	9	"
$/FL C	Fl.255	62	2.30	32	5.40B	2	6.80	"
$/FL C	Fr.260	125	1.20	11	3	3	4.50 B	"
$/FL C	Fl.265	—	—	14	2.70	3	3.40	"
$/FL C	Fl.270	—	—	59	1.80	100	3	"
$/FL C	Fl.275	—	—	—	—	53	1.70	"
$/FL P	Fl.245	598	2.80 B	325	6.70	34	8.50	"
$/FL P	Fl.250	181	4.70	190	9.30	9	10.50 B	"
$/FL P	Fl.255	166	7.80 B	68	12 B	1	13	"
$/FL P	Fl.260	42	10.80	4	14	1	16	"
$/FL P	Fl.265	62	15	2	18	50	19.50	"
$/FL P	Fl.270	70	20	15	1.50	—	—	"
$/FL P	Fl.280	10	29.50	5	30	—	—	"
$/DM P	DM225	10	5.30	—	—	—	—	DM221.90
$/DM P	DM.230	10	9.20	—	—	—	—	"
		Apr.		July		Oct.		
ABN C	Fl.560	291	14.40	4	35	—	—	Fl.550
ABN P	Fl.540	161	8.50	23	17.50	22	31	"
AEGN C	Fl.115	69	1	5	2.70	5	4	Fl. 99.80
AEGN P	Fl.95	85	2.40	—	—	—	—	"
AH C	Fl.85	17	8	90	0.30	—	—	Fl. 71.60
AH P	Fl.70	64	8.90 A	28	4.50	2	6.50	"
AKZO C	Fl.170	344	1.70	180	5	42	9	Fl.157.50
AKZO P	Fl.170	162	13.00	160	18	4	18	"
AMEV C	Fl.80	—	—	36	1.60	—	—	Fl. 75.50
AMEV P	Fl.75	11	2.30	5	3	—	—	"
AMRO C	Fl.205	202	3	10	6.20	12	7.50	Fl. 98.40
AMRO P	Fl.90	128	1.30	—	—	—	—	"
GIST C	Fl.310	156	2.20	—	—	—	—	Fl.252.50
GIST P	Fl.250	58	6	8	15.50	—	—	"
HEIN C	Fl.160	170	55	—	—	—	—	Fl.213.40
HEIN P	Fl.200	139	2.10	3	4.80 B	50	7.50	"
HOOG C	Fl.80	259	5	70	7.80	5	11.20	Fl. 83
HOOG P	Fl.75	105	0.80	210	2.30	—	—	"
KLM C	Fl.60	846	1.20	223	3	39	5.30	Fl. 54.30
KLM P	Fl.55	623	2.90	119	4.40 B	22	5.50	"
NEDL C	Fl.200	87	1.50	4	5	7	9.40	Fl.174.50
NATN C	Fl.80	11	1	124	2.50	38	3.50	Fl. 71.90
NATN P	Fl.75	6	4	6	6.50	27	8.50	"
PETR C	Fr.6500	10	160	—	—	—	—	Fr. 6650
PHIL C	Fl.65	1440	1.60	305	2.80	87	4.60	Fl. 61.20
PHIL P	Fl.70	37	8.70 B	159	10.20	—	—	"
RD C	Fl.180	269	2.70	123	4.80	6	8.50	Fl.170
RD P	Fl.160	187	1.70	11	5.50 B	20	8.50	"
ROBE P	Fl.90	15	7.20	—	—	—	—	Fl. 85
UNIL C	Fl.360	132	11.30	16	17.80	—	—	Fl.351
UNIL P	Fl.380	76	33	16	43	15	43	"

TOTAL VOLUME IN CONTRACTS: 30,319.

A=Ask B=Bid C=Call P=Put

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1 INTRODUCTION
2 COMMERCIAL PRODUCTS
3 THE COMPANIES
4 THE FINANCE
5 TECHNOLOGY TRANSFER
6 THE NEXT PHASE

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FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

ABN up 19% and raises dividend

By Laura Raun in Amsterdam

ALGEMENE BANK NEDERLAND (ABN), the largest Dutch bank, posted a 19 per cent higher profit of Fl 478m ($191m) in 1985 and raised its dividend by Fl 1 to Fl 27 a share despite some downward pressure from the plunging dollar.

Mr Robertus Hazelhoff, chairman, attributed the earnings spurt primarily to higher commission income from securities trading and underwriting and foreign exchange dealings, all of which benefited from buoyant financial markets. Earnings were also boosted by a cut in loan loss reserves allowed by the better climate for business lending in the Netherlands and the lower dollar, which diminished country risks overseas.

Total income rose a more modest 4 per cent to Fl 4.17bn as the volume of domestic business credit expanded by more than 11 per cent, outpacing the industry average and increasing ABN's market share.

Mr Hazelhoff indicated that gross profits might flatten this year with a slight decline in the first half offset by a small increase in the second half. The weaker dollar, which eroded earnings from abroad and trend the balance sheet total in 1985, is expected to continue to exert pressure during the first half of this year.

He added that he expected no ill-effects from the Dutch central bank's recent "gentlemen's agreement" with the banking community to limit money creating activities this year.

ABN is the last of the three largest Dutch banks to report healthy gains in profits and to lifts its dividend, largely on greater commission income and lower bad loan provisions.

Income from traditional borrowing and lending, however, has remained relatively flat. ABN managed to offset narrower interest rate margins with larger volume in domestic business lending last year.

In foreign activities, the weaker dollar eroded overall operating income although activities in France, Switzerland and the US performed well, Mr Hazelhoff said. Operations in the Middle East, however, suffered under plummeting oily prices while those in the Far East were dampened by slowing economic growth.

The balance sheet total shrank 3.4 per cent to Fl 142bn at the end of 1985 from a year earlier due to the lower dollar. Commenting on the decline, Mr Hazelhoff said he believed profitability had become more important than balance sheet totals in evaluating a bank's performance.

HK gas unit higher

Hong Kong and China Gas boosted net profits 47.3 per cent last year to HK$215m (US$27.6m), and is increasing its dividend to 25 cents per share against an adjusted 19 cents, writes Our Financial Staff.

Turnover at the utility and appliance supplier rose 13.7 per cent to HK$994m, reflecting in part an additional 53,350 customers recruited during the year.

Matra-Fiat talks arouse concern

BY PAUL BETTS IN PARIS

MATRA, the French state-controlled defence and electronics group, is expected to sign next week an agreement with Fiat, the Italian motor manufacturer, to pool the two companies' car components activities.

Yet as negotiations between Matra and Fiat neared completion yesterday, there were signs that the French government is becoming increasingly worried by the recent manoeuvres shaking up the French car components industry.

Renault and Peugeot, the two French car manufacturing groups, have also expressed their concern over the Fiat-Matra association in the car components sector and the recent acquisition of a 19 per cent stake in Valeo, France's leading car components company, by CIR, the Italian industrial holding company controlled by Mr Carlo de Benedetti.

The Matra-Fiat deal is expected to involve the creation of a joint venture financially controlled by Fiat and merging the French company's Jaeger and Solex components subsidiaries. Matra has been seeking to find a partner for its car components business as a way of easing the French group out of this troubled sector.

But both Renault and Peugeot are worried at the prospect of Fiat, a direct competitor, taking control of two of their French components suppliers. The French also argue that Fiat may be embarking on the same unsuccessful strategy as Renault chose when it decided to develop a presence in the electronics car components sector through Renix.

Renault last year sold its controlling stake in Renix. Originally, Renault had hoped to develop Renix's sales outside the Renault system. However, this failed because of the reluctance of other car companies to buy key components from a supplier controlled by one of their rivals.

The decision of Mr de Benedetti to take a 19 per cent stake in Valeo, Europe's fourth largest car components group and the biggest in France with annual sales of FFr 11.4bn ($1.13bn), coupled with the Fiat-Matra transaction is also provoking a wider debate in France over the risks of seeing the country lose control over its domestic car components industry.

Comalco dives into red and slashes payout

BY OUR FINANCIAL STAFF

COMALCO, the Australian integrated aluminium producer, slid into the red last year and has slashed its dividend to a quarter of the 1984 level.

Less than half of the A$69.13m (US$48.4m) net losses came from its own businesses, however. Since the year-end Comalco has been acting to shed its interests in badly performing joint ventures and associates which together drained off A$35.38m on an equity accounted basis during 1985.

The previous year, losses of A$13.47m from these partly owned operations weighed down group net profits, which emerged at A$20.36m.

Following the omission of Comalco's interim dividend, the total payment for the latest period will be one cent, down from four cents. The chief recipient is CRA, the mining group which has a 67 per cent stake and which is in turn 53 per cent owned by Rio Tinto-Zinc of the UK.

Almost all the losses suffered by associates were accounted for by a A$31.5m deficit at Showa Aluminium, its ill-fated Japanese joint venture from which Comalco last week announced it is to withdraw. The smelter set up in 1982 with Showa Denko, a chemicals company, has never been profitable.

The US acquisition now called Commonwealth Aluminium, was largely responsible for a rise in overall 1985 sales to A$1.72bn against A$1.02bn. Output of primary aluminium was up 36.2 per cent to 435,781 tonnes.

Interest charges rose steeply from A$83.5m to A$149.2m, as did foreign exchange provisions which were A$71.1m

● Brighter news for the Australian aluminium industry came yesterday with the commitment by China of funds for the long-delayed Portland smelter. Citic, the Chinese state agency involved, is to raise a $98m credit through Hong Kong to finance its 10 per cent stake in the project and its output. Portland is 45 per cent owned by Alcoa Australia.

Kyocera plunges by 73%

BY YOKO SHIBATA IN TOKYO

KYOCERA, the world's largest semiconductor maker, suffered a 73.6 per cent fall in consolidated net profits in its December quarter to Y2.5bn ($13.9m).

Sales were Y64.4bn, down 22.7 per cent, and earnings per share stood at Y16.66, a sharp fall from Y63.03 in the previous third quarter. Kyocera's performance was affected by the long recession in the semiconductor industry as well as the yen's sharp appreciation.

Sales of chips are believed to have fallen 20 to 30 per cent, while demand for its ceramics for industrial machinery and electronics remained sluggish.

Group operating profits slid 7.3 per cent to Y4.35bn, resulting from lower sales and increased costs of personnel and its investment in telecommunications.

Nine-month consolidated net profits plunged 48.7 per cent to Y14.45bn, on consolidated sales of Y209.9bn, down 12.6 per cent.

The company's full-year earning estimates on a parent company basis show pre-tax profits at Y38.21, down 15.7 per cent, and net profits at Y17.42bn, down 44.9 per cent, on sales of Y243.2bn, a drop of 14.1 per cent.

The company plans to maintain its dividend at Y44. For the next fiscal year starting in April, Kyocera is confident that its profit position will show a fairly large improvement.

Kodak in microchip move

BY PAUL TAYLOR IN NEW YORK

EASTMAN KODAK, the US photographic and chemicals group, currently the subject of wide-ranging speculation on Wall Street, plans to enter the market for semiconductor fabrication equipment through a new subsidiary called Estek.

Estek will incorporate the assets of Xertronix, a Rochester-based semiconductor cleaning equipment maker acquired by Kodak last summer. It will offer a broad range of equipment designed to serve the needs of semiconductor chip makers.

Mr Herbert Rees, president of Kodak's Eastman Technology division, said yesterday: "Estek will build on considerable Kodak expertise in manufacturing integrated circuits." Kodak has long designed and produced custom integrated circuits for use in its products, ranging from cameras to copiers.

Mr Scott Arrington who will be president of the new subsidiary, said that the company would bring to market this spring wafer processing equipment incorporating significant technological advances that should be welcomed by manufacturers facing the rigid demands brought on by continuing progress in miniaturisation of semiconductor devices.

The formation of Estek represents the latest in a string of diversification moves by Kodak.

Toronto Dominion slips as provisions rise

BY OUR FINANCIAL STAFF

TORONTO Dominion Bank, Canada's fifth largest, has reported a break in its recent strong profits growth with a fall in first-quarter net earnings from C$101.1m (US$72m) or 72 cents a share to C$95.1m, or 67 cents.

The decline came despite a sharp rise in assets, which totalled C$53.5bn at the end of the quarter, against C$47bn a year earlier. First-quarter loan losses rose to C$100m from C$72m in the comparable period of 1984-85, while loan loss provisions jumped from C$62.4m to C$85.2m.

Net non-performing loans fell C$64m to C$769m, largely due to writedowns, while the return on assets fell to 0.73 per cent from 0.86.

The bank estimated that loan losses in the current year would rise C$79m to C$402m, due to uncertainties over lower oil prices and higher domestic interest rates. The increase would include additional prudential reserves on loans to less developed countries, and higher provisions against possible losses on loans to North American commercial borrowers.

TDP warned that the recent decline in non-performing loans could be reversed if lower energy prices and higher interest rates persisted.

In contrast National Bank of Canada has reported higher first-quarter earnings while assets grew sharply to C$25bn due to the merger with the Mercantile Bank of Canada, writes Robert Gibbens in Montreal.

Profits in the three months ended January 31 were C$45.3m or 87 cents a share, against C$39.7m or 93 cents. Average shares outstanding rose to 46.6m from 37.9m, due mainly to the share-exchange acquisition of Mercantile.

Moreover, the loan loss provision rose C$16.4m to C$47.2m, while non-performing loans nearly doubled to C$370m due to the merger. Substantially larger provisions were made on sovereign risk loans.

NORTH AMERICAN QUARTERLIES

BROWN-FORMAN
Distilling, tableware

	1985-86 $	1984-85 $
Third quarter		
Revenue	315.2m	304.2m
Net profits	15.8m	19.7m
Net per share	0.73	0.85
Nine months		
Revenue	987.1m	943.5m
Net profits	66.2m	65.2m
Net per share	3.08	2.68

FAIRCHILD INDUSTRIES
Aerospace

	1985 $	1984 $
Fourth quarter		
Revenue	246.7m	243.8m
Net profits	3.8m	†25.8m
Net per share	0.06	—
Year		
Revenue	855.9m	818.9m
Net profits	†167.1m	1.4m
Net per share	—	0

† Loss

GOTAS-LARSEN
Shipping

	1985 $	1984 $
Fourth quarter		
Revenue	42.3m	39.8m
Net profits	5.6m	4.1m
Net per share	0.51	0.37
Year		
Revenue	166.1m	171.9m
Net profits	16.6m	22.1m
Net per share	1.50	2.02

SOUTHLAND
Convenience stores

	1985 $	1984 $
Fourth quarter		
Revenue	3.31bn	3.13bn
Net profits	43.5m	30.6m
Net per share	0.86	0.65
Year		
Revenue	12.8bn	12.1bn
Net profits	212.5m	160.3m
Net per share	4.41	3.41

J. P. STEVENS
Textiles

	1985-86 $	1984-85 $
First quarter		
Revenue	377.1m	369.5m
Net profits	10.1m	*11.9m
Net per share	0.58	*0.68

* Includes $18.7m from discontinued operations

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BASE LENDING RATES

ABN Bank	12½%	■ Hambros Bank	12½%
Allied Dunbar & Co.	12½%	Heritable & Gen. Trust	12½%
Allied Irish Bank	12½%	■ Hill Samuel	§12½%
American Express Bk.	12½%	C. Hoare & Co.	12½%
Amro Bank	12½%	Hongkong & Shanghai	12½%
Henry Ansbacher	12½%	Johnson Matthey Bkrs.	12½%
Associates Cap. Corp.	12½%	Knowsley & Co. Ltd.	13 %
Banco de Bilbao	12½%	Lloyds Bank	12½%
Bank Hapoalim	12½%	Edward Manson & Co.	13½%
Bank Leumi (UK)	12½%	Meghraj & Sons Ltd.	12½%
BCCI	12½%	Midland Bank	12½%
Bank of Ireland	12½%	■ Morgan Grenfell	12½%
Bank of Cyprus	12½%	Mount Credit Corp. Ltd.	12½%
Bank of India	12½%	National Bk. of Kuwait	12½%
Bank of Scotland	12½%	National Girobank	12½%
Banque Belge Ltd	12½%	National Westminster	12½%
Barclays Bank	12½%	Northern Bank Ltd.	12½%
Beneficial Trust Ltd	13½%	Norwich Gen. Trust	12½%
Brit. Bank of Mid. East	12½%	People's Trust	13½%
■ Brown Shipley	12½%	PK Finans. Intl. (UK)	13½%
CL Bank Nederland	12½%	Provincial Trust Ltd.	13½%
Canada Permanent	12½%	R. Raphael & Sons	12½%
Cayzer Ltd.	12½%	Roxburghe Guarantee	13 %
Cedar Holdings	13 %	Royal Bank of Scotland	12½%
■ Charterhouse Japhet	12½%	Royal Trust Co. Canada	12½%
Citibank NA	12½%	Standard Chartered	12½%
Citibank Savings	¶12½%	TCB	12½%
City Merchants Bank	12½%	Trustee Savings Bank	12½%
Clydesdale Bank	12½%	United Bank of Kuwait	12½%
C. E. Coates & Co. Ltd.	13 %	United Mizrahi Bank	12½%
Comm. Bk. N. East	12½%	Westpac Banking Corp.	12½%
Consolidated Credits	12½%	Whiteaway Laidlaw	13 %
Continental Trust Ltd.	12½%	Yorkshire Bank	12½%
Co-operative Bank	*12½%		
The Cyprus Popular Bk.	12½%		
Duncan Lawrie	12½%		
E. T. Trust	13 %		
Exeter Trust Ltd.	13 %		
Financial & Gen. Sec.	12½%		
First Nat. Fin. Corp	13½%		
First Nat. Sec. Ltd.	13½%		
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Robert Fraser & Ptrs.	13½%		
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■ Guinness Mahon	12½%		

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¶ Mortgage base rate.
§ Demand dep. 8¾%. Mortgage 13%.
NOTE: The symbol shown against Hill Samuel Base Rate on February 24, 25 and 26 was incorrect.

JVC sees tapes as expensive as discs

By Carla Rapoport in Tokyo

THE NEXT generation of audio tapes promises to be at least as expensive as compact discs, their latest record technology counterparts, according to JVC.

The Japanese audio and consumer electronics group, plans to launch later this year digital audio tape (DAT) players which it believes will be priced at about Y200,000 ($1,100).

DAT cassettes, would always be more expensive to make than compact discs, because the production technology is more complicated, says Mr Toshiya Inoue, senior managing director of research and development at JVC. However, JVC believes that DAT cassettes will have to be priced at the same level as compact discs to prevent customers from buying blank DAT tapes and dubbing off compact discs.

Depending on the quality of a customer's equipment, Mr Inoue said that the quality of DAT tapes dubbed from compact discs would be very high.

The cassettes, are about one third smaller than conventional audio tapes and will offer high quality digital sound at equivalent or slightly superior levels to compact discs. A worldwide standard for DAT players is expected to be finalised this month.

Mr Inoue, said DAT players would be priced at about the same level at which compact disc players were launched a few years ago. "If we do everything right, it will be around Y200,000, but some may be a lot cheaper. We don't know," he added.

Ciba-Geigy lifts payment on 23% profit growth

By Our Financial Staff

CIBA-GEIGY, the large Swiss chemicals and pharmaceuticals group, is raisng its dividend for the fifth year running after reporting a 23.5 per cent increase in group operating profits after tax to SFr 1.47bn ($784m) from last year's SFr 1.19bn.

Dividend per share is being raised SFr 3 to SFr 38, and per participation certificate to SFr 35.

As reported earlier, group sales last year grew 4 per cent to SFr 18.2bn, while operating cash flow was up from SFr 2bn to SFr 2.37bn.

As a result, the group's self-financing capacity—amounting after deduction of distributed profit to SFr 2.19bn—was well above its capital expenditure.

The company noted that the sale of its Airwick consumer goods business to Reckitt & Colman at the end of 1984 understated the sales growth.

If Airwick's 1984 sales figure was disregarded in the comparison, then sales grew by 9 per cent last year, or 8 per cent on a local currency basis, excluding countries with particularly high inflation, Ciba-Geigy said.

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WALL STREET

Mixed with signs of fatigue

A MIXED tendency prevailed on Wall Street yesterday, when the market showed signs of fatigue after Thursday's big march past the 1,700 Dow Average for the first time ever.

By 1 pm, the Dow Jones Industrial Average was off 2.87 to 1,711.12, reducing its rise on the week to 13.41, while the NYSE All Comon index, at $130.60, rose 5 cents on the day and $1.19 on the week. However, advances led declines by a three-to-two margin, while volume swelled to 148.75m shares, as waves of organised sell and buy programmes hit the floor in the morning.

Declining interest rates and lower Oil prices lent background support to the market.

The Blus Chip sector also is being pressured again by a continuing weakness in the bellwhether stock of IBM, down $2¾ at $153 on about 1.4m shares. Market sources say more analysts have cut their earnings estimates for IBM and removed the stock from their recommended lists.

Among other Computer stocks, Digital Equipment lost $1½ to $170½, Burroughs $1⅛ to $68⅞ and Data General $⅞ to $41½.

Zayre dropped $3¼ to $60⅞—it reported fourth quarter earnings of $1.21 a share against $1.20 a year earlier.

Bankamerica led the actives, up $⅛ at $17⅛—it received an offer from Sanford Weill to raise a $1bn of capital for the bank and take over management.

Banks were generall stronger, buoyed by a decline in interest rates that has put the benchmark 30-year Government Bond yield below 8¼ per cent.

Western Air climbed $1 to $10X and Piedmont $2 to $39¾. Traders cited takeover speculation in the stocks of regional airlines, after the Ozark/TWA merger pact.

Libby-Owen-Ford jumped $4¾ to $68⅞ on talks to sell its glass division.

Most Oils were fractionally lower, with pressure on crude oil, as the spot month briefly fell below $13 a barrel earlier.

THE AMERICAN SE Market Value index gained 1.32 to 257.11 in a volume of 15.9m (13.2m) shares.

Closing prices for North America were not available for this edition.

CANADA

Stocks held most of their sharp opening gains at midsession, as Banks and Utilities turned higher after losing ground Thursday on the Federal budget's reduction of dividend tax credits.

The Toronto Composite index rose 18.16 to 2,851.5 and Metals and Minerals 25.0 to 2,252.35, but Oil & Gas shed 28.73 to 2,721.98.

Resource exporters, including Forest Products and Metals, benefited from persistent weakness of the Canadian dollar.

Bank of British Columbia fell another 25 cents to $3.60 on reports of financial problems and warning that high interest rates and low oil prices would hurt profitability.

TOKYO

Slightly lower in active trading, snapping a series of consecutive record closing highs that had continued for the past four days.

The Nikkei Dow average shed 1.31 to 13,640.83, after surging to a record 13,701.58 in early morning trading. The average had fallen about 25 points by early afternoon on profit-taking but regained most of its ground on late buying of large scale domestic-oriented shares.

Turnover 860m (770m) shares. The broader based SE index rose 4.03 to 1,090.70.

Dealers said expectations of another discount rate cut also boosted domestic shares and spurred the Stock Market in general because investments should flow from Bonds to equities.

Land-backed Constructions and Warehouses rose, as did Banks and non-Life Insurances which have large equities holdings.

Brokers said buying of large-scale and famous name-brand domestic issues continued, firming a trend that started earlier this week. "The flow of selection is clearly shifting from back-street speculatives to main-street shares," said a Yamaichi broker.

GERMANY

Foreign and domestic investors poured funds back into shares and these closed sharply higher across the board in a busy session, which saw recent lower levels turned around.

The Commerzbank index of 60 leading shares, set at midsession, rocketed 50.1 from Thursday's 2½-month low to hit 1,913.7.

News that West Germany had a still healthy January trade surplus of nearly DM 7bn was also a positive factor in the market, brokers said.

But dealers were unsure whether the rise was merely a technical reaction to the past six weeks' softness, or whether there had been a fundamental change in sentiment.

Banks led the rise, prompted by hopes of a cut in domestic official interest rates.

AUSTRALIA

Firmer with Industrials, BHP and Banking stocks pushing the markets higher.

The All Ordinaries index gained 9.5 to 1050.1, All Industrials 16.4 to a record of 1646.9, All Resources 2.6 at 595.8, the Gold index 3.4 to 914.0 and Metals and Minerals 3.0 to 512.7. But Solid Fuels shed 4.5 to 437.3.

Turnover 63.3m shares worth A$124.2m, with rises narrowly outnumbering falls by 244 to 240.

Record gains on Wall Street cheered the market, traders said, while a strong recommendation to buy Australian Banks issued by Saloman Brothers Inc of New York sent those shares soaring.

ANZ rose 24 cents to A$5.24, Westpac Banking 20 cents to A$5.12 and National Australia Bank 12 cents to A$5.26.

Market gains were also due in part to good profit reports for the first half of the fiscal year ended December 31. Brambles, which reported a 52 per cent gain to A$30.1m, rose 10 cents to A$5.40. Lend Lease, which reported a 65 per cent gain to A$34.8m, put on 10 cents to A$7.26.

Gold and Base Metal Mines recovered from Thursday's sharp fall.

BHP were 10 cents higher at A$6.44 on a turnover of about 1.7m shares, despite another fall in London overnight, as Bell Resources, unchanged at A$4.45, bid for the company was effectively frozen by the Victoria Supreme Court.

Bell Group gained 10 cents to A$6.

SINGAPORE

Share prices fell further across the board on some stop-loss selling and profitaking in quite trading.

The Straits Times Industrial index lost 3.20 to 623.27 and the SE All Share index 7.56 to 226.27. Turnover 6.5m (10.1m) shares.

Brokers said the market remained jittery on continued uncertainy over the survival of several stockbroking firms after banks withdrew credit lines from them.

They said renewed concern over the political situation in Malaysia following reports that Deputy Prime Minister, Musa Hitam, has resigned from the Cabinet, further depressed sentiment.

HONG KONG

Sharply lower in moderate trading.

The Hang Seng index lost 25.21 to 1,695.30. Turnover $HK277.08m ($HK192.17m).

Brokers said sentiment on the market has turned rather bearish as investors lacked buying incentives in the absence of fresh factors.

They also blamed the selling to profit-taking by some of those who reaped huge profits when the market jumped sharply to a record high of 1,826.84 on January 8.

PARIS

French stocks closed sharply lower in active trading as Foreign-Exchange concerns sent the market through its fourth consecutive session of profit-taking.

Overseas investors sold shares in order to take advantage of the franc's recent gains against the dollar. Declining issues outdistanced advances 136-to-42, with 12 French stocks unchanged.

CANADA

Stock	Feb. 27	Feb. 26
AMCA Intl	16¼	16⅝
Abitibi	23⅝	23¼
Agnico Eagl	24¼	24
Alberta Energy	11¼	11⅜
Alcan Aluminium	48⅜	45⅜
Algoma Steel	17⅛	16¾
Bank Montreal	27⅞	28½
Bank Nova Scotia	12½	12¾
BCE	38⅛	38¾
Bombadier A	17¼	17¼
Bow Valley	11⅛	11¼
BP Canada Res	25¾	25½
Brascan A	41¼	40⅞
Brinco	0.39	0.40
B. C. Forest	12⅝	12⅝
Cilino	31½	31⅜
CadillacFairview	14¼	14⅜
Campbell Red L	27¼	27⅝
Can. Cement Pt	13½	13⅜
Can. NW Energy	16½	16¾
Can. Packers	34⅝	34¾
Can. Trustco	42¼	42½
Can. Imp. Bank	18⅝	19¾
Can. Pacific	17⅝	16¾
Can. Tire C	13¾	13½
Canfor	12⅛	11⅞
Carling O'Kfe	11⅞	11¾
Chieftain	9⅝	9¾
Cominco	11⅛	10⅞
Coniagas Mines	4.50	4.60
Cons. Bathst. A	24⅞	25
Coremark Int	5⅞	5¾
Costain	10¾	10¾
Denison Mines A	10½	10½
Dofasco Inc	28¾	28
Dome Mines	13⅝	13½
Dome Petroleum	2.40	2.40
Domtar	28	27⅝
Falconbridge	22	21¾
Fed. Inds. A	14¼	14⅜
Gendis A	34⅛	34¼
Genstar	39¼	38
Giant Y'knife	20¾	21¾
Gt. West Life	4.90	4.90
Gulf Canada	15⅛	15
Hawker Sid.Can.	23⅜	23½
Hudson's Bay	24½	24½
Husky Oil	8¼	7⅜
Imasco	25¾	25⅛
Imperial Oil A	45⅜	45½
Inco	20¾	20⅝
Indal	24½	24⅛
Interprov. Pipe.	38⅛	39⅛
Labatt (John)	34⅜	34⅜
Lac Minerals	36½	36½
Loblaw	23⅞	23¾
Macmil Bloedel	27½	27¼
Marks & Spencer	14½	14⅝
Massey Ferguson	2.83	2.80
McIntyre Mines	42	43
Mitel Corpn	7⅞	7⅝
Molson A	23⅜	23¼
Moore Corp	39½	31½
Nat. Bank Can.	24	24
Nat. Sea Prods A	17¼	17¼
Noranda Inc	16¼	16⅜
Norcen Energy	15½	13¾
Nth. Telecom	39⅝	39⅛
Nova Alberta	6⅛	6⅝
Numac Oil & Gas	9¾	9⅝
Oakwood Pet	5⅝	6
Pan Can Pet	24	24¼
Placer Dev	22⅝	22¼
Power Corp	26½	26⅛
QuebecSturgeon	4.20	4.30
Ranger Oil	4.10	4.20
Reed Stenh'se A	49½	49
Rio Algom	24⅝	24¾
Royal Bank Can	28⅛	28⅝
Royal Trust A	28¾	28¾
Sceptre Res	2.67	2.70
Seagram	75	71½
Sears Can. Inc	12⅜	12¼
Shell Can. A	21⅛	21⅝
SHL Systemh'se	14¾	14
Stelco A	25⅞	25¾
Teck B	18⅞	19⅛
Texaco Canada	26	26⅜
ThomsonNews A	27¾	26¾
Toronto Dom. Bk	22	22⅛
Transalta A	25¾	26⅛
Trans. Can. Pipe	17¾	17⅞
Walker Hiram	28¼	28½
W. Coast Trans	14⅜	14½
Weston (Geo)	117	115½

هكذا مدة الأصل

CURRENCIES and MONEY

FOREIGN EXCHANGES

Dollar still nervous

The dollar finished a little firmer on the day in confused and nervous trading. There were numerous conflicting factors which added to the market's discomfort. While a desire to run short on dollars was inhibited by Thursday's speculation over a G5 meeting and concerted cuts in Japanese and West German interest rates, there still remained some conviction that the US Government would not resist a further decline in the dollar's value.

In addition yesterday's release of January's US trade figures showed a deficit of $16.46bn compared with a revised figure for December of $15.15bn and worse than market expectations. However a natural reluctance to run too short over the weekend enabled the dollar to pick up although its progress was blunted when the US Federal reserve injected $3bn of liquidity into the money market. The dollar finished at DM 2.2305 against the D-mark up from DM 2.2220 and Y180.45 compared with Y180.25. Elsewhere it rose to SFr 1.8875 from SFr 1.8765 and FFr 6.8625 compared with FFr 6.8350. On Bank of England figures, the dollar's exchange rate index rose from 117.2 to 117.8.

Sterling fell to its worst level for almost a year. It is now only 4 per cent above its all time low touched last February. Its exchange rate index fell to 73.2 at the close down from 74.7 on Thursday. Lower oil prices accounted for some of the bearish mood and with the dollar given a temporary respite so sterling returned to the limelight and attracted steady selling. It fell to an all time closing low against the D-mark at DM 3.2275 from DM 3.2950 and FFr 9.93 from FFr 10.1375, the first time since September 1981 that it has fallen below FFr 10.0. Elsewhere it fell to Y261.00 from Y267.25 and SFr 2.7325 compared with SFr 2.7825.

Against the dollar it fell to $1.4470, down from $1.4830 on Thursday. The Canadian dollar was also depressed by lower oil prices and lack of confidence in the Government's recent budget proposals. Despite intervention by the Canadian central bank, the US dollar rose to C$1.4240 from C$1.4105.

Gold rose just $¼ an ounce from Thursday's close in the London bullion market yesterday to finish at $336¾-337¼. Trading was quiet ahead of the weekend and after opening at $337¾-338¼, the metal traded between a high of $339-339½ and a low of $336¾-337¼.

£ IN NEW YORK

Latest	Feb. 28	Prev. close
£ Spot	$1.4460-1.4500	$1.4660-1.4700
1 month	0.60-0.58pm	0.58-0.57pm
3 months	1.63-1.58pm	1.58-1.55pm
12 months	4.95-4.80pm	4.80-4.70pm

Forward premiums and discounts apply to the U.S. dollar.

STERLING INDEX

	Feb 28	Previous
8.30 am	74.1	74.6
9.00 am	73.9	74.6
10.00 am	73.7	74.6
11.00 am	73.8	74.7

POUND SPOT—FORWARD AGAINST POUND

Feb 28	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.4450-1.4725	1.4465-1.4475	0.60-0.57c pm	4.85	1.64-1.58pm	4.45
Canada	2.0530-2.1007	2.0530-2.0580	0.07-0.18c dis	−0.72	0.23-0.05pm	0.27
Nethlnd.	3.62¾-3.69	3.63½-3.64½	2½-2c pm	6.73	5¾-5¼pm	6.19
Belgium	65.78-66.92	66.10-66.20	15-8c pm	2.16	46-34pm	2.40
Denmark	11.86¼-12.04	11.86¾-11.87¾	5-4¼ore pm	5.31	14¼-12pm	4.38

COMMODITIES AND AGRICULTURE

REVIEW OF THE WEEK

Cocoa prices slide as pact talks founder

BY RICHARD MOONEY

COCOA prices continued to slide this week as producers' lingering hopes that a new, effective International Cocoa Agreement would result from the current negotiating session in Geneva grew even fainter. The three-week session scheduled to end yesterday, has been extended into next week, but there appears to be little reason to expect a successful conclusion.

After two and a-half weeks of largely fruitless talks, the first nail was hammered into the Agreement's coffin on Wednesday when the Ivory Coast, the world's biggest cocoa producer, announced that it did not intend to take part in a new pact. The Ivorians' refusal to join the current accord has been the chief cause of its inability to operate the economic provisions necessary to stabilise the market.

The next blow fell yesterday when EEC delegates suggested aborting efforts to negotiate a pact with economic provisions.

With the biggest producer and the two biggest consumers apparently out of the game (the US is not a member of the current pact and never intended to join the new one) it seems extremely unlikely that next week's negotiations could result in anything more than an "administrative" accord, without economic market stabilisation provisions. And the threat has come closer that the agreement's 100,000 tonnes buffer stock may have to be liquidated.

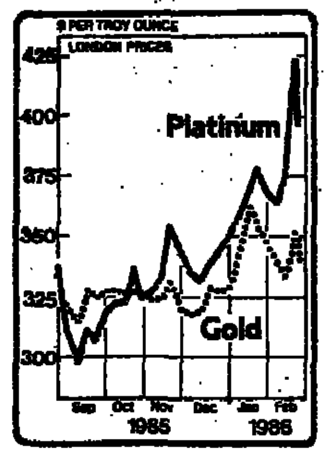
It is this possibility that has been weighing so heavily on the already oversupplied world cocoa market. A counter-threat issued this week by the Ivorian president, Mr Felix Houphouet Boigny, that his country would cut cocoa production unless prices improve has made little impression on the bearish mood of the market.

London's May futures price, which last week slipped below £1,600 a tonne for the first time in 27 months, lost another £90 this week before steadying over the last two days to close yesterday at £1,545.50 a tonne — down £55 on the week and £260 from the start of the year. In the absence of any change in the fundamental situation some dealers attributed the late recovery to "an oversold appearance to the charts" created by the recent steep decline. "We've come down a long way fairly fast," said one, "and all the bearish news has been absorbed."

The coffee futures market maintained last week's strength with a rise of £128.50 in the May position on Monday but see-sawed nervously for the rest of the week before closing £111.50 up on balance at £2,638 a tonne. A Brazilian announcement confirming the its export target for this year had been cut from 17m bags (60 kilos each) to 14m appeared to have little market impact.

The feature of the week on the Kuala Lumpur Commodity Exchange has been the continuing slide in palm oil futures prices, reflecting slack demand and overproduction and rising stocks in Malaysia.

The March delivery position, which stood at about $380 in January, slipped to an all-time low of $200 a tonne yesterday, having fallen $70 on the week.



This week's fall has been influenced by talk of South East Asian buyers seeking to renegotiate contracts entered into earlier at upwards of $350 a tonne.

The scale of the recent fall is partly due to ill-judged marketing policies adopted earlier by Malaysian plantations and refiners, London dealers claim. "They've only got themselves to blame," said one, explaining that their reluctance to sell on to a falling market had left them with bulging stores and nowhere to put the oil that is still pouring out of the refineries. Some analysts estimate the current Malaysian stock level, which has also been swelled by buyers' withdrawal from the market, at up to 1m tonnes.

Concern about the South African situation and industrial problems at Impala Mines, where striking black workers were sacked in January, pushed the London platinum price to a 2½ year high of $423.50 a troy ounce at one stage, while gold climbed to $350.25 an ounce. But the upsurge ran out of steam and platinum finished the week only $4.90 up at $396.75 an ounce with gold $1.50 down at $337 an ounce.

Silver continued to wallow and the spot position on the London bullion market slipped to its lowest level since August 1982 at one stage, before steadying a little yesterday.

PRECIOUS METALS generally firmed on short-covering linked to the firm tone to platinum along with debt worries, reports Heinold Commodities. Copper came under pressure from long liquidation linked to trade selling and large deliveries. Aluminium remained steady on light physical interest. Sugar moved sharply higher in anticipation that deliveries will be well taken. Cocoa weakened on aggressive selling linked to producers and the failure of the new cocoa agreement talks. Coffee trade sharply lower on trade and commission house selling. Cotton trade mixed as fresh news was lacking. The energy complex was depressed on Sheikh Yamani's comments indicating oil prices could fall to $10 a barrel. The grain complex came under pressure on good cash movement. The soyabean complex was steady on light commission house interest.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
March	54.95	55.35	54.95	54.85
April	55.35	—	—	55.35
May	55.75	56.15	55.70	55.60
July	56.40	56.75	56.40	56.20
Sept	57.00	—	—	56.80
Dec	57.90	—	—	57.70
Jan	58.20	—	—	58.00
March	58.80	—	—	58.60
May	59.40	—	—	59.20
July	60.00	—	—	59.80

COCOA 10 tonnes, $/tonnes

	Close	High	Low	Prev
March	2000	2000	1976	2025
May	2040	2047	2017	2067
July	2080	2089	2060	2100
Sept	2110	2112	2090	2133
Dec	2136	2143	2124	2165
March	2165	2160	2148	2198
May	2171	—	—	2204

COFFEE "C" 37,500 lb, cents/lb

	Close	High	Low	Prev
March	243.83	249.75	143.50	149.80
May	246.96	252.75	246.65	252.18
July	251.43	256.50	251.10	255.00
Sept	255.00	259.40	255.00	258.08
Dec	256.97	260.50	256.50	260.09
March	256.50	258.50	256.50	259.00
May	257.50	257.50	257.50	259.38
July	259.75	260.01	260.01	262.25

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
March	52.25	54.25	51.00	54.05
April	45.90	45.90	44.08	47.08
May	42.10	42.50	39.70	42.41
June	41.15	41.60	39.50	41.36
July	40.60	40.80	39.50	40.81
August	40.90	41.00	40.55	41.35
Sept	42.00	42.20	42.00	42.30
Oct	—	—	—	43.15
Nov	—	—	—	44.00
Dec	44.50	45.00	44.25	44.80

SPOT PRICES—Chicago loose lard 14.00 (15.00) cents per pound. Handy and Harman silver bullion 560.5 (564) cents per troy ounce.

MONEY MARKETS

UK rates quietly firmer

Interest rates were slightly higher where changed in London yesterday in rather quiet trading. Sterling's weaker performance did not appear to give any immediate cause for concern with the market still conscious of the authorities' recent actions to deter a rise in clearing bank base rates. In addition there appeared to be little incentive to create volatility ahead of the UK budget.

Three-month interbank money was higher at 12¾-12⅝ per cent from 12$\frac{11}{16}$-12$\frac{9}{16}$ per cent with quotations for Monday starting at 12¾-12½ per cent. However one month money was unchanged at 12$\frac{13}{16}$-12$\frac{11}{16}$ per cent. Weekend interbank money touched a high of 13½ per cent before slipping away to a low of 8 per cent.

UK clearing banks base lending rate 12½ per cent since January 9

The Bank of England forecast a shortage of around £1,850m and invited an early round of tenders to help meet the shortage. In addition the Bank offered temporary facilities to commercial banks of up to 1 per cent of eligible liabilities from March 5 to 26. This could total up to £1bn. In addition the early help provided £999m. £99m through outright purchases of eligible bank bills; £26m in band 1 at 12⅜ per cent, £59m in band 2 at 12$\frac{5}{16}$ per cent and £14m in band 3 at 12¼ per cent. It also arranged sale and repurchase agreements on £900m at 12$\frac{7}{16}$-12½ per cent, unwinding on March 3.

Further help was given in the morning of £339m through outright purchases of eligible bank bills; £1m in band 1 at 12⅜ per cent, £328m in band 2 at 12$\frac{5}{16}$ per cent and £10m in band 3 at 12¼ per cent. The forecast was later revised to a shortage of around £1,800m before taking into account the early help and the Bank gave additional assistance in the afternoon of £336m. This comprised outright purchases of £80m of eligible bank bills in band 1 at 12⅜ per cent, £229m in band 2 at 12$\frac{5}{16}$ per cent and £27m in band 3 at 12¼ per cent. Late assistance came to £115m, making a total of £1,789m. The forecast was again revised to a shortage of around £1,750m.

The average rate of discount fell by 0.1909 per cent to 11.8481 per cent at yesterday's Treasury bill tender. The £100m of bills on offer attracted bids of £662.22m and all bills offered were allotted. The minimum accepted bid was £97.045 and was met as to about 69 per cent and above in full. Next week a further £100m will be on offer, replacing a similar amount of maturities.

FT LONDON INTERBANK FIXING

(11.00 a.m. Feb. 28) Three months US dollars		Six months US dollars	
bid 7 3/4	offer 7 7/8	bid 7 3/4	offer 7 7/8

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)—March		
Arab Light	—	—
Arab Heavy	—	—
Dubai	14.00-14.60	—0.40
Brent Blend	16.60-16.80	—0.925
W.T.I. (1pm est)	13.15-13.25*	—0.75
Forcados (Nigeria)	—	—
Urals (cif NWE)	—	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	158-168	—1
Gas Oil	171-174	—15.5
Heavy fuel oil	89-92	—13
Naphtha	123-125	—1

* April

Petroleum Argus estimates.

GAS OIL FUTURES

Month	Yesterd'ys Close	+ or —	Business Done
	$ US per tonne		
	173.25	—7.00	172.00-66.00
Mar	147.25	—8.25	152.50-39.75
May	140.50	—2.00	142.50-32.00
June	136.00	—4.75	139.00-28.00
July	136.00	—4.25	158.00-31.00
Aug	138.75	—4.25	142.00-34.00
Sep	142.50	—4.00	142.50-40.00

Turnover: 7,717 (3,621) lots of 100 tonnes.

... sharply on good supply of bunker C material—Petroleum Argus, London.

COCOA

Although sharply lower on the opening call following the apparent breakdown of International Cocoa Agreement talks in Geneva. Futures rallied later and closing prices were near the highs of the day. Physicals were relatively quiet and failed to attract producer or consumer interest, reports Gill and Duffus.

COCOA	Yesterday's Close £ per tonne	+ or —	Business Done
March	1546-1552	—1.0	1568-1528
May	1545-1546	+6.5	1560-1512
July	1577-1578	+12.0	1579-1536
Sept	1604-1605	+15.0	1605-1582
Dec	1626-1627	+5.5	1632-1605
March	1653-1655	—	1658-1636
May	1665-1668	—3.5	1677-1656

Sales: 5,800 (7,433) lots of 10 tonnes.

ICCO indicator prices (US cents per pound). Daily price for February 28: 97.43 (98.44); five-day average for March 3: 100.02 (100.66).

COFFEE

... London traded quietly taking little ... of Brazil's new economic programme ... Mixed trading lifted levels £50 and prices hovered around these levels for most of the day. Little physical interest appeared for robustas and levels closed slightly higher on the day helped by a stronger dollar, reports Drexel Burnham Lambert.

COFFEE	Yesterday's Close	+ or —	Business Done
March	2568-75	+29.0	2595-25..
May	2636-40	+16.0	2675-28..
July	2710-15	+9.5	2729-26..
Sept	2760-65	+2.5	2800-27..
Nov	2795-20	+27.5	2825-27..
Jan	2850-60	+10.0	2870-28..
Mar.	2860-90	+5.0	—

Sales: 6,304 (7,387) lots of 5 tonnes.

ICO indicator prices (US cents per pound) for February 27: Comp. daily 1979 209.96 (209.03); 15-day average 197.85 (196.20).

RUBBER

PHYSICALS — The London market opened unchanged, attracted no interest throughout the day and closed ..., reports Lewis and Peat. Closing prices (buyers): spot 63.00p (62.50p); ... 63.25p (62.50p); May 63.75p (63....). The Kuala Lumpur fob price (Malaysia/Singapore cents) per kg: RSS No 1 203.5 (same) and for SMR 20 ... (203.5).

GRAINS

Business done—Wheat: Mar 1...5.90, May 118.75-8.65, July 119.85..., Sept 99.95-9.80, Nov 103.10-2.85, ... 106.70-6.35. Sales: 481 lots of ... tonnes. Barley: Mar 113.00 only ...

WHEAT Mnth	Yesterd'ys close	+ or —	BARLEY Yesterdys close
Mar	115.95	—0.05	113.00
May	118.70	+0.25	116.25
July	119.80	+0.25	—
Sept	99.85	+0.25	97.90
Nov	102.85	+0.25	101.50
Jan	105.40	—	105.35

LONDON GRAINS—Wheat: US northern spring No 1 15 per cent May 121.75, June 120.50 transshipment east coast. US No 2 soft red ... Mar 120, June 94.75. EC first-half ... 136.50. English feed fob Mar ... 118.50 buyer/seller, April 119 ... April/June 121.50-122 buyer/seller ... 122.50 buyer, Sept 101.50-102.25 ... seller, Oct 104, Oct/Dec 106.50 ... Mar 111.50, April/June 116.50 ... east coast. Maize: US No 3 yellow/French transshipment east coast ... half Mar 143.50 seller. Barley: ... feed fob Mar 117 buyer, April ... 120.50 seller, July/Aug 98.25, Sept ... Oct/Dec 104.25, Jan/Feb 109.50 ... Rest unquoted.

HGCA—Locational ex-farm spot prices. Feed barley: Eastern 11..., ... Mids 113.50, N East 113.70, S... 111.90. The UK monetary coefficient for the week beginning Monday M... (based on HGCA calculations using three day's exchange rates) is expected to change to 1.110.

LONDON STOCK EXCHANGE

Promising early advance reversed on profit-taking but FT index slips only 4.1 to 1277.4

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Feb 10	Feb 20	Feb 21	Mar 3
Feb 24	Mar 6	Mar 7	Mar 17
Mar 10	Mar 26	Mar 27	Apr 7

* "New-time" dealings may take place from 9.30 am two business days earlier.

A promising advance took leading shares to new heights early yesterday but they soon turned back when it became clear the UK institutions had satisfied their immediate requirements through the previous session's heavy purchases. Professional profit-taking at the end of yet another good week for London equities gave dealers further cause to take defensive action and lower prices.

weakness and higher commercial rates for credit as deterrents to fresh investment. North Sea crude fell over a dollar per barrel, sterling came under renewed pressure in foreign exchange markets and the key three-month interbank rate rose to 12$\frac{7}{16}$ per cent. Sheikh Yamani's comment that there was little hope of oil price stability without the co-operation of Opec and non-Opec producers brought about the latest uncertainty in spot oil markets.

Many blue chips fell several pence before revived small demand encouraged a rally. From 2pm onwards, the FT indices recovered steadily and the FT-SE 100 share, after rising to an inter-day record of 1553.5 *and retreating to stand 11.7 down* at 12.28pm eventually halved its loss to close 5.6 lower at 1543.9. On the week, the index was nearly 26 points higher. The FT Ordinary share ended the day 4.1 off, but 21.4 up over the five-day period, at 1277.4.

As business in the leaders subsided so investors turned their attentions to bid situations, real or imaginary. News of a takeover approach aroused considerable activity in **Home Charm**, while **S. and W. Berisford** went higher on the announcement that **Hillsdown Holdings** had acquired a 5.95 per cent stake; Berisford received an approach for Italian group Ferruzzi earlier this week. Most secondary stocks remained firm, but selected financial issues weakened.

A persistently strong market for the past two weeks, Gilt-edged securities experienced a volatile session. Quotations opened easier, reflecting selling late on Thursday behind the pound's fall in New York, but picked up on Gilt futures indications. Another upward surge in US bonds shortly after its opening re-inforced the recovery here. Many longer-dated Government stocks regained their falls before finally reacting with the exchange rate to show losses after-hours stretching to $\frac{1}{2}$.

Lloyds below best

Lloyds started the clearing bank dividend season with annual profits at the top end of the range — nearly 20 per cent higher at £561m — accompanied by a proposed 50 per cent scrip issue which satisfied market expectations and the shares advanced to 495p before closing 7 better on balance at 492p. Other clearers moved higher in sympathy, but later drifted lower for want of follow-through support. NatWest, the next to report on Tuesday, relinquished a few pence to 702p, while **Midland** softened 3 to 472p, after 478p; the latter's results are due on Wednesday. **Barclays** ended 3 off at 472p, after 480p. Irish issues, meanwhile, continued to reflect currency considerations with **Allied** up 15 more at 240p and **Bank of Ireland** the same amount dearer at 440p. Among Hire Purchases, **First National Finance Corporation**, strongly supported of late on takeover hopes, reacted 4 to 188p on profit-taking following confirmation of the acquisition of 20th Century Banking from P & O Deferred.

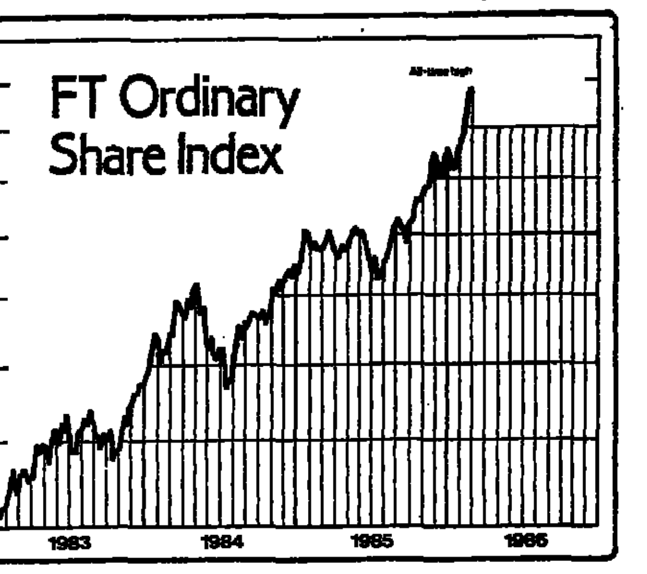
Profit-taking on further consideration of the disappointing interim results from **Royal Insurance** saw the latter's shares touch 860p before rallying on the appearance of cheap buyers to close unaltered at 868p. **Commercial Union**, the next major Composite to report half-year figures on Wednesday, dropped 6 to 275p, after 271p, on persistent nervous offerings. **Dewey Warren**, the Lloyds Broker dealt in the unlisted securities market, plummeted 38 to 125p following the profits warning. Sentiment elsewhere in the sector was affected by reports of a broker's bearish circular and **C. E. Heath** closed 24 down at 658p.

The majority of leading Buildings settled a shade easier in the absence of further buying interest, but **BPB Industries** continued firmly at 415p, up 5, following a broker's lunch. Secondary issues displayed several noteworthy movements and **Derek Crouch** featured with a rise of 16 at 156p following the excellent annual results. **Alfred McAlpine**, a strong market this week, also reflecting good figures, eased 5 to 377p on profit-taking, but retained a rise of 41 over the five-day period. A flurry of speculative interest lifted **Helical Bar** 5 to 87p, while further demand in a restricted market left **Ibstock Johnsen** 7 higher at 171p. On the other hand, **Raine Industries** shed 2$\frac{1}{2}$ to 38$\frac{1}{2}$p on news that Con-Mech Engineers had reduced its holding to 7.55 per cent. Dealings in **Burnett and Hallamshire** restarted following details of the financial reconstruction; the shares resumed at 18p and closed 16p compared with the suspension price of 20p.

ICI opened a few pence higher at 920p following comment on the annual results, but drifted back to 912p, before late support left the close 12 higher on balance at 929p. Elsewhere in the Chemical sector, **William Canning** attracted renewed speculative support and gained 7 to 100p, while **Holt Lloyd International** firmed 6 to 88p in response to Press comment.

Home Charm soar

Secondary Stores displayed widespread advances amid substantial and often hectic trading. News of a bid approach stimulated considerable excitement in **Home Charm**, finally 104 higher at 390p; **A. G. Stanley** rose 7 to 81p in sympathy. **Martin Ford** spurted 22 for a gain of 26 on the week to 125p amid vague talk that the Ford family stake had changed hands. Buyers also came in for **Cantors A**, 8 up at 118p, and **James Beattie A**, 7 up at 95p. **Laura Ashley** were also lively and rose 30 to 232p in anticipation of sizeable US demand from next Tuesday. Leading Stores were generally overshadowed, although **Sears** closed a fraction firmer at 125p following revived speculative interest.



British Telecom continued to respond to several brokers' recommendations and hardened a penny more making a gain of 18 on the week at 204p. Other Electrical leaders, however, ended an eventful week on a quietly dull note. **Plessey** softened a couple of pence to 210p, after 208p, while **Thorn EMI** relinquished 4 at 447p. **Racal** rallied on the chairman's denial of any fund-raising intentions to finish unchanged on the session at 200p, after 198p. Elsewhere, **STC**, a buoyant market of late on rumours of a possible bid from BTR, reacted 3, but still ended 18 up over the five-day period at 122p; the preliminary results are scheduled for next Friday. **Polytechnic Electronics** reacted from an initial firm level of 245p to close 12 lower at 218p following the interim results, while profit-taking in recent high-flier **Amstrad** left the shares 8 off at 364p. **Highland**, on the other hand, hardened 2 to 104p on the increased interim earnings, while **Synapse Computer** added 5 at 230p for the same reason. Recovery hopes lifted **Acorn Computers** 6 to 81p, while speculative improvements of 11 and 21 respectively were seen in **Burgess Products**, 182p, and **Renishaw**, 316p.

Apart from **Vickers**, which hardened 5 more to 413p making a rise of 43 since announcing better-than-expected results on Monday, leading Enigneers were inclined easier. Elsewhere, **Molins** advanced 11 to 174p on news that BAT Industries had sold its 29.9 per cent stake in the company. A flurry of speculative activity left **Richardson Westgarth** 7 to the good at 29p, while Press mention prompted a rise of 3 to 34p in **Brooke Tool**. **Newman-Tonks** jumped 11 to 128p on the announcement that McKechnie Bros shareholders had voted in favour of the NT offer. **Williams Holdings** subsequently withdrew its bid for McKechnie, which dropped 42 to 196p. **Williams** gave up 14 to 506p.

S. & W. Berisford, in receipt of a bid approach from Ferruzzi of Italy, were further excited by news that Hillsdown Holdings had acquired a stake and closed 10 higher at 202p, a three-day advance of 28. **Hillsdown** settled 3 cheaper at 208p. **Tate and Lyle** continued firmly and rose 5 more to 610p, while comment in the *Financial Times* stimulated **Cadbury Schweppes** which added 3 to 164p. Irish biscuit group **W. & R. Jacob** attracted speculative buying on takeover hopes and rose 18 to 110p; the company announced doubled annual profits and a proposed £2m rights issue on Thursday. The major Food Retailers' recent strong run faltered with the onset of light profit-taking. **Tesco** settled 8 lower at 340p, **J. Sainsbury** slipped 4 to 390p and **ASDA-MFI** softened a couple of pence to 152p.

Ladbroke edged up 3 to a 1985-86 peak of 360p, but **Grand Metropolitan** settled a shade easier at 418p. Elsewhere in the Hotel sector, **Crusts** firmed 2 to 89p following the good half-year figures.

Pilkington Bros. good

Pilkington Bros, the subject of persistent demand earlier in the week on BTR bid hopes, were actively traded and closed 13 higher at 438p on news that the company may buy LOF Glass from Libby-Owens-Ford of America. Currency influences helped **Glaxo** close 7 dearer at 985p, while **Reed International** also made headway at 810p, up 8. Elsewhere in the miscellaneous industrial leaders, **Beecham**, still reflecting fading bid hopes, fell away further to 350p before settling 9 down on the day at 356p. **Boots** ended a few pence lower at 231p. Among the secondary issues, **UKO** featured a rise of 14 at 196p on the agreed offer from Suter; the latter closed a couple of pence firmer at 227p. Comment on the interim figures prompted a gain of 18 to 288p in **Cope Allman**, but recent speculative favourites to give ground included **Beatson Clark**, 12 cheaper at 186p, and **Rockware**, 5 lower at 49p. **Wm. Baird**, sustained recently by Dawson International bid hopes, ran back 10 to 530p. **Charter Consolidated**, in contrast, met with further support in a limited market and closed 15 higher at 253p, while Waterford continued to *make progress at 120p, up 5.*

The company's attempts to pour cold water on recent speculative excitement failed to unsettle **Armstrong Equipment** which advanced 8 for a week's gain of 16 to 111p; the interim results are scheduled for March 19. **AE** also attracted revived support and hardened 6 more to 186p, while **Kwik-Fit**, still benefitting from a broker's recommendation, put on a couple of pence more to 83p. Distributors again featured **T. Cowie** which touched a new peak of 153p before settling 25 up on balance at 145p on further reflection of the bumper preliminary results and proposed flotation of 50 per cent of its contract hire and leasing business. **Lex Service**, due to announce annual results next Thursday, rose 8 to 320p, while revived takeover fervour lifted **C. D. Bramall** another 17 to 260p and **Appleyard** 13 to 106p. **A.C. Cars**, in receipt of a bid *from Mr William West, advanced* 10 more to 153p as the company's "shell" potential outweighed the increased full-year deficit.

United Newspapers encountered occasional offerings and settled 15 cheaper at 303p; the preliminary results are expected later this month. Paper/Printings displayed a number of firm spots, notably **McCorquodale** which spurted 28 to 203p, after 205p, reflecting speculation of a bid from **Norton Opax**, a few pence cheaper at 143p. **Associated Paper**, 242p, and **DRG**, 262p, advanced 5 and 4 respectively, but **Ault and Wiborg** eased a couple of pence to 36p as the annual results, originally scheduled to be revealed yesterday, were postponed until next Wednesday.

Leading Properties drifted easier on scrappy selling before support at the lower levels helped quotations close a shade above the worst. **MEPC**, the sector's current takeover favourite ended marginally firmer on balance at 357p, having been down to 350p at one stage. **Land Securities** settled 5 lower at 320p, after 318p, while **Haslemere Estates**, in receipt of a 600p per share cash bid from Robeco, finished the same amount down at 628p. **Slough Estates** closed 3 cheaper at 168p, after 167p.

Recently buoyant Textiles paused for breath. **Vantona Viyella** and **Coats Patons**, supported earlier in the week following Press comment highlighting the potential of the proposed merger, both gave ground on profit-taking. The former shed 6 to 448p, while Coats dipped 5 to 252p. **Courtaulds** eased a couple of pence but retained a gain on the week of 14 at 238p.

Oils retreat

Lower North Sea oil prices, following the latest comments by Saudi Arabia's Sheikh Yamani, sparked off persistent selling of oils. **BP** proved a vulnerable *market and dipped 13 to 530p* reflecting switching into Shell; the latter, a firm counter all week, fell to 708p before closing only a shade off at 710p. **LASMO** gave up 5 to 150p, **Tricentrol** 6 to 127p and **Britoil** 3 to 182p.

De Beers up again

The downturn in sterling against the dollar prompted a widespread advance by South African sectors of mining markets. **De Beers** were again the outstanding performer and put on 25 more to a 1985-86 high of 500p following a fresh burst of international buying enthusiasm *which continued to reflect* persistent talk of diamond price rises to accompany the group's annual results expected early this month; over the week De Beers' shares have risen 40. "**Anamint**" jumped £2 to £40.

Gold shares ended an uneven week on a firm note, aided by the fall in the pound and a modest rally in the bullion price. The latter edged up 50 cents to $337 an ounce, having moved above $350 on Tuesday.

Turnover in Golds continued at a relatively low level but the sector provided firm features in **Randfontein**, £1$\frac{1}{2}$ up at £64$\frac{1}{4}$ and **Southvaal** and **Vaal Reefs**, which rose a point apiece to £28$\frac{3}{4}$ and £56 respectively; the *strike at the Vaal Reefs mining* complex ended on Thursday. **Consolidated Modderfontein** featured *second-line Golds and* put on 15 to 338p following persistent South African buying.

Apart from De Beers, South African Financials edged higher in quiet trading. **Anglo American Corporation** improved $\frac{1}{4}$ more to £10$\frac{3}{4}$ and **Gencor** added 65 at 950p.

The bounce by platinum prices *directed further buying interest* towards **Rustenburg Platinum** which advanced 10 more to 770p for a week's gain of 85.

London Financials showed **Rio Tinto-Zinc** 5 off at 615p following the loss reported by *Australian subsidiary Comalco.*

Australians rallied well after the substantial falls sustained earlier in the week. Although largely overshadowed by "down-under" banks and industrials, which attracted heavy US buying *overnight, the mining leaders* provided firm features in **CRA**, 6 firmer at 276p and **Peko-Wallsend**, 246p, while **Western Mining** edged up 3 to 162p. In Golds **Central Norseman** and **Poseidon** put on 5 apiece at 348p and 123p respectively.

Traded Options

Active conditions again prevailed in Traded Options yesterday and brought February's daily average up to around 19,000—the highest since the market's inception. The increased ability was attributable to a substantial increase in corporate takeover activity, both actual and rumoured, with *Lonrho* and *Imperial Group* proving to be the most lively classes. The FT-SE 100 index contract attracted consistently high turnover reflecting considerable hedging operations.

FINANCIAL TIMES STOCK INDICES

	Feb. 28	Feb. 27	Feb. 26	Feb. 25	Feb. 24	Feb 21	year ago
Government Secs...	85.43	85.55	85.39	85.05	84.82	84.14	80.17
Fixed Interest.........	90.15	†90.12	†89.76	†89.67	†89.35	88.96	83.69
Ordinary ●	1277.4	1281.5	1270.2	1264.2	1275.2	1256.0	975.0
Gold Mines	336.3	332.2	337.0	336.3	332.1	332.7	476.5
Ord Div. Yield	4.15	4.11	4.15	4.17	4.09	4.16	4.52
Earnings, Yld. %(full)	9.76	9.84	9.93	9.98	9.82	9.98	11.36
P/E Ratio (net) (*).....	12.62	12.68	12.57	12.51	12.70	12.49	10.54
Total bargains (Est.	32,300	31,855	36,504	39,435	28,025	38,478	25,534
Equity turnover £m.	--	862.24	805.04	933.21	1,054.78	873.88	372.23
Equity bargains... ...	—	33,235	35,764	40,959	40,391	37,968	19,695
Shares traded (ml)...	—	374.6	360.6	392.3	435.9	292.3	175.0

● 10 am 1284.3. 11 am 1281.9. Noon 1274.6. 1 pm 1273.2. 2 pm 1273.1. 3 pm 1276.4 4 pm 1277.3. Day's High 1285.3. Day's Low 1272.3. Basis 100 Government Securities 15/10/26 Fixed interest 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974. Latest index 01-246 8026. *Nil=12.15. † corrected.

HIGHS AND LOWS

—	1985/86 High	1985/86 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	85.55 (27/2/86)	78.02 (28/1/85)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	90.38 (25/10/85)	82.17 (28/1/85)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1281.5 (27/2/86)	911.0 (25/7/85)	1281.5 (27/2/86)	49.4 (26/6/40)
Gold Mines	556.9 (15/4/85)	217.6 (5/11/85)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

INDICES	Feb. 27	Feb 26
Daily		
Gilt Edged Bargains...	227.8	253.8
Equities Bargains...	215.5	231.7
Value...	1,742.8	1,627.2
5 day Average		
Gilt Edged Bargains....	192.2	177.4
Equities Bargains....	243.9	247.5
Value.........	1830.9	1,865.3

TRADITIONAL OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Mar 3	Mar 14	June 12	June 23
Mar 17	Apr 4	June 26	July 7
Apr 7	Apr 18	July 10	July 21

For rate indications see end of Unit Trust Service

Call options were taken out in British Car Auction, Highland Distillers, Laura Ashley, Norfolk Capital, STC, Sears, Fogarty, Microvitec, Birmid Qualcast, Eglinton Oil and Gas, Burnett and Hallamshire, Pavion, Yorkshire Chemical, Pentland, Burmah, Berkeley and Hay Hill, Sunleigh Electronics, SI, Control Securities, Tricentrol, Charterhall, Sound Diffusion, Parkland, North Kalgurli, Carless Capel, Petranol, Raine Engineering, Delta Group and John Brown. A put was done in Access Satellite, but no doubles were reported.

LEADERS AND LAGGARDS

Percentage changes since December 31, 1985, based on Thursday, February 27, 1986.

Gold Mines Index	+ 32.99	Shipping and Transport	+ 12.75
Motors	+ 30.74	Building Materials	+ 12.44
Metals and Metal Forming	+ 25.98	Industrial Group	+ 12.15
Textiles	+ 24.17	Consumer Group	+ 10.78
Electricals	+ 20.46	500 Share Index	+ 10.76
Electronics	+ 20.18	Overseas Traders	+ 10.34
Office Equipment	+ 19.46	All-Share Index	+ 10.24
Health and H'sehold Products	+ 17.65	Property	+ 9.98
Capital Goods	+ 17.59	Other Groups	+ 9.57
Tobaccos	+ 17.43	Brewers and Distillers	+ 8.66
Other Industrial Materials	+ 16.88	Financial Group	+ 8.39
Chemicals	+ 16.29	Insurance Brokers	+ 8.18
Merchant Banks	+ 15.81	Food Retailing	+ 7.57
Packaging and Paper	+ 15.80	Investment Trusts	+ 6.64
Mining Finance	+ 15.25	Insurance (Life)	+ 5.56
Leisure	+ 15.01	Food Manufacturing	+ 5.74
Insurance (Composite)	+ 14.79	Stores	+ 5.68
Publishing and Printing	+ 14.56	Telephone Networks	+ 5.24
Mechanical Engineering	+ 14.45	Banks	+ 1$\frac{1}{2}$
Contracting, Construction	+ 12.85	Oils and Gas	[illegible]

RECENT ISSUES

EQUITIES

Issue price	Amount paid up	Latest Renunc. date	1985/6 High	1985/6 Low	Stock	Closing price	+ or —	Net. Divi.	Times covered	Gross Yield	P.E. Ratio
§160	F.P.	28/2	182	166	✠Brookmount	179	—1	R3.5	4.4	2.8	11.6
587	300	7/3	348	285	Cable & Wireless 50p	348	+1	F9.5	2.9	2.1	18.0
§56	F.P.	31/1	71	59$\frac{1}{2}$	✠Granyte Surface 10p	71		b2.1	2.6	4.2	12.9
—	F.P.	—	176	100	Intl. Inv. Tst. J'rsy wts	162		—	—	—	—
18	F.P.	6/3	120	115	Klearfold Inc. $0.01	118		bQ4.7c	3.0	2.7	12.5
105	F.P.	14/3	145	112	Macro 4 5p	141	—5	R1.0	6.5	1.0	21.6
§127	F.P.	7/3	155	125	✠Microsystems 10p	135		R1.78	4.5	1.9	17.0
§145	F.P.	—	177	165	PPL 10p	168		u2.5	6.0	2.1	11.1
¶*330	F.P.	21/2	368	333	Really Useful Grp. 5p	368		b11.25	2.2	4.4	15.1
§80	F.P.	4/4	92	85	✠Spice 5p	92	+3	u2.8	2.2	4.3	11.9
¶¶	F.P.	—	333	277	Storehouse 10p	313		u5.7	2.8	2.5	20.3
††	F.P.	27/3	25	7	Telfos Warrants	24		—	—	—	—
215	F.P.	—	218	215	Templeton, Galbraith	216		Q5.97c	2.5	2.0	20.4
100	F.P.	27/3	98	95	Throgmorton USM	98		—	—	—	—
120	F.P.	24/3	175	156	Wellcome	172		u2.08	2.8	1.7	23.2
—	F.P.	—	22	8	Westland Warrants	16	+4	—	—	—	—
140	F.P.	7/3	146	140	✠Wickes 40p	146		R2.0	4.7	2.0	15.4

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1985/6 High	1985/6 Low	Stock	Closing price	+ or —
97.203	£25	4/4	27$\frac{1}{16}$	20$\frac{1}{4}$	Allied Lon.Props.10⅜%1stMort.Deb.2025	26$\frac{3}{4}$	.. ..
88.255	£30	—	31$\frac{1}{8}$	30$\frac{3}{4}$	American Medical Intl.9⅞% Uns.Ln.2011	31$\frac{1}{8}$	− $\frac{1}{8}$
**	F.P.	—	107	104	Anglo-Nordic 11$\frac{1}{2}$% Cm. Pf.	107	
**	F.P.	—	93	91	Do. 10% Cnv. Uns. Ln. '89/92	91	
§98.287	£25	19/5	27$\frac{3}{4}$	25$\frac{1}{8}$	Centrovincial Ests.11⅜%1st Mort Db.2016	27$\frac{3}{4}$	+ $\frac{1}{4}$
§99.745	£25	11/4	32$\frac{1}{2}$	23$\frac{3}{4}$	First Scot. Am. 11$\frac{1}{2}$% Deb. 2016	33$\frac{1}{2}$	+ $\frac{3}{4}$
‖	Nil	25/4	18ppm	10ppm	Lawrence (W.) 8.5% Cnv.Cum.Red.Pref.	11ppm	+ 1
‖	F.P.	27/3	108	103	Lon.Shop Prop.9¼%Cnv.Uns.Ln.'99/04	106	
98.977	F.P.	10/3	102	99	Mecca Leisure 11$\frac{1}{2}$% Deb. 2011	102	+ $\frac{1}{4}$
—	F.P.	—	100$\frac{3}{4}$	99$\frac{3}{4}$	Nationwide Bldg. Soc. 12$\frac{1}{16}$% 9/2/87	100$\frac{1}{16}$	
—	F.P.	—	100$\frac{1}{8}$	100$\frac{1}{4}$	Do. 12$\frac{5}{16}$% 2/3/87	100$\frac{3}{8}$	
‖	Nil	16/4	4ppm	5ppm	Porter Chad. 9% Cnv.Cum.Red.Prf. '95	5ppm	
§99.515	F.P.	26/2	104	95$\frac{1}{2}$	Rosehaugh Greycoat 11%1st Mt Db 2014	104	
§97.965	£25	25/4	28$\frac{3}{4}$	25$\frac{1}{2}$	Samuel Props. 11% 1st. Mort.Deb.2016	28$\frac{3}{4}$	+ $\frac{1}{2}$
††	F.P.	27/3	100	92	Telfos 9% Pref.	100	
§99.708	F.P.	28/2	103$\frac{1}{4}$	96	T. T. Finance 11$\frac{1}{4}$% Gtd. Deb. 2016	103$\frac{1}{4}$	
100	F.P.	—	99	98	Throgmorton USM 5¼%Pt.Cnv.Red.Prf.	99	
‖	Nil	—	17ppm	5ppm	Westland 7$\frac{1}{2}$% Cnv. Cum. Prf.	5ppm	−2

RIGHTS OFFERS

Issue price	Amount paid up	Latest Renunc. date	1985/6 High	1985/6 Low	Stock	Closing price	+ or —
82	F.P.	3/3	100	87	✠Cannon St. Invs. 20p	87	.....
765	F.P.	21/3	830	785	CALA 50p	795	.....
Dm580	Nil	—	45pm	30pm	Commerzbank Dm10	30pm	.....
255	F.P.	13/3	305	273	Cray Electronics 10p	297	—5
R 10	Nil	—	15pm	15pm	DAB Invs.	15pm	.....
207	F.P.	—	245	215	✠Electron Hse. Units †	242	.....
207	Nil	—	37pm	20pm	Do. †	37pm	.....
330	Nil	—	58pm	50pm	✠High Point Services 10p	58pm	.....
94	Nil	—	24pm	12pm	Meggitt Hldgs. 5p	23pm	.....
215	Nil	24/3	75pm	47pm	✠Midsummer Inns 50p	75pm	.....
35	F.P.	10/3	44	38	Walker (C & W) 5p	43pm	.....
115	Nil	—	28pm	18pm	Wates (City of London)	24pm	.....
140	Nil	27/3	34pm	28pm	Watsham's 5p	34pm	.....
60	Nil	—	25pm	3pm	Westland	15pm	+ 10

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimates. *g* Assumed dividend and yield. F Forecast dividend cover on earnings updated by latest interim statement. H Dividend and Yield based on prospectus or other official estimates for 1986. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. *t* Indicated dividends; cover relates to previous dividend; p/e ratio *based on latest annual earnings. u Forecast, or estimated annualised dividend* rate, cover based on previous year's earnings. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ** Issued by way of capitalisation. § Placing price. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ■ Allotment price. ✠ Unlisted securities market. ‡‡ Dealt in under Rule 535 (3). ♥ Dealt in under Rule 535 (4) (a). †† Units comprising two ordinary, one preference and one warrant. † Units comprising one New ordinary and one 8.5 per cent Cnv.Red.Prf.

MONTHLY AVERAGES OF STOCK INDICES

	February	January	December	November
Financial Times				
Government Securities	83.13	81.21	83.09	83.57
Fixed Interest	88.30	87.34	88.94	89.12
Ordinary	1220.8	1,127.5	1,113.9	1099.3
Gold Mines	329.6	316.1	269.9	268.5
Total Bargains	30,486	24,605	22,768	26,560
F.T.— Actuaries				
Industrial Group	761.14	707.75	705.41	709.85
500 Share	792.39	744.03	740.30	748.83
Financial Group	544.71	518.04	513.92	528.82
All-Share	730.86	679.00	† 674.53	684.04
FT-SE 100	1482.3	1401.9	† 1392.6	1409.2

	February High	February Low
Ordinary	1281.5 (27th)	1155.3 (3rd)
All-Share	752.86 (27th)	692.40 (6th)
FT-SE 100	1549.5 (27th)	1424.1 (5th)

† Corrected

NEW HIGHS AND LOWS FOR 1985/86

NEW HIGHS (182)

BRITISH FUNDS (3). INT. BANK & O'SEAS GOVT. STLG. ISSUES (1). CORPORATION LOANS (2). LOANS (1). AMERICANS (5). BANKS (9). BREWERS (3). BUILDINGS (11). CHEMICALS (7). STORES (8). ELECTRICALS (5). ENGINEERING (17). FOODS (8). HOTELS (2). INDUSTRIALS (3). INSURANCE (2). LEISURE (2). MOTORS (6). NEWSPAPERS (1). PAPER (8). PROPERTY (4). TEXTILES (1). TRUSTS (41). MINES (2).

NEW LOWS (16)

CANADIANS (4). Bank of Nova Scotia. Muscocho Explrtn.. Toronto-Dominion Bank Trans Can. Pipe. BUILDINGS (2) Burnett & Hallamshire Internatl. Amoco. FOODS (1) Bio-Isolates. INSURANCE (1) Dewey Warren PROPERTY (1) Control Secs. TRUSTS (2) Flextech Ind. Fin. & Inv. Corp. OILS (3) Churchill Resources. Intercont'l Energy. Offshore Oil. OVERSEAS TRADERS (1) Boustead. MINES (1) Orange Free State Invs.

RISES AND FALLS YESTERDAY

	Yesterday Rises	Yesterday Falls	Yesterday Same	On the week Rises	On the week Falls	On the week Same
British Funds	5	80	24	373	102	70
Corporations, Dom. and Foreign Bonds	21	9	51	153	22	230
Industrials	344	332	840	2,149	1,450	3,887
Financial and Properties	134	110	331	804	476	1,591
Oils	15	27	83	124	118	383
Plantations	1	2	13	8	15	58
Mines	51	33	94	198	201	490
Others	86	22	121	282	335	539
Totals	657	615	1,557	4,092	2,719	7,342

YESTERDAY'S ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price	Day's change	Stock	Closing price	Day's change
Ashley (Laura)	232	+30	GRE	788	− 7
Beecham	356	− 9	Home Charm	390	+104
Comm Union	275	− 6	ICI	927	+10
Cowie (T.)	145	+25	Pilkington Bros	438	+13
Dewey Warren	125	−38	Royal Insce	868	—
Glaxo	985	+ 7	UKO Intl	196	+14

THURSDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of changes	Thur. close	Day's change	Stock	No. of changes	Thur close	Day's change
ICI	32	917	+10	Polly Peck	17	155	—
Brit. Aerospace	27	538	+31	Brit. Telecom	18	203	+ 8
Berisford S&W	21	192	+ 6	Storehouse	16	315	− 5
Cowie (T.)	19	120	+22	*Royal Insce*	15	868	−10
Glaxo	18	978	+13	STC	15	125	+ 5
BAT Inds	17	358	+13	BTR	14	435	+ 5

5-DAY ACTIVE STOCKS

Based on bargains over the five-day period ending Thursday

Stock	No of changes	Last Thur. close	Change on week	Stock	No. of changes	Last Thur. close	Change on week
ICI	220	917	+56	MEPC	120	355	+17
BP	140	543xd	+30	STC	117	125	+25
Pilkington Br	138	425	+35	Amstrad	115	372xd	+40$\frac{1}{2}$
Glaxo	134	978	+38	British Aero	115	538	+40
Beecham	128	365	− 8	Grand Met	114	420xd	+44
Berisford S&W	120	192	+43	Lonrho	113	257xd	+ 3

S E DEALINGS

STERLING ISSUES BY FOREIGN GOVERNMENTS AND INTERNATIONAL INSTITUTIONS

Asian Development Bank 10$\frac{1}{4}$pcLn 2009 £97$\frac{1}{16}$ $\frac{1}{4}$ $\frac{1}{4}$ (26/2)
Australia (Commonwealth of) 9$\frac{1}{2}$pcLn 2012 £90$\frac{1}{2}$ 1$\frac{1}{4}$. 11$\frac{1}{2}$pcLn 2015 £105$\frac{1}{2}$. 11$\frac{1}{2}$pcLn 2015 (Br £5000) £105$\frac{1}{4}$ (24/2)
European Inv Bank 10$\frac{1}{2}$pcLn 2004 £98$\frac{1}{4}$ (24/2). 11pcLn 2002 £104$\frac{1}{4}$ [illegible]
Finland (Republic of) 11$\frac{1}{2}$pcLn 2009 £104 5 (26/2). 11$\frac{1}{2}$pcLn 2009 (Br £5000) £104 (25/2)
Inter-American Development Bank 9$\frac{1}{4}$pcLn 2015 £92$\frac{1}{4}$
Intntl Bank for Rec & Dev 9$\frac{1}{2}$pcLn 2010 £91 [illegible] 11.5pcLn 2003 £108 [illegible]
Ireland 12$\frac{1}{2}$pc Ln 2008 £110$\frac{1}{4}$ (26/2)
Malaysia 12$\frac{1}{4}$pc Ln 1988 £100 [illegible] (25/2)
New Zealand 11$\frac{1}{2}$pc 2014 £105$\frac{1}{4}$ (24/2)
Spain (Kingdom of) 11$\frac{1}{2}$pcLn 2010 £105 6 (25/2). 12pcLn 1988 £101$\frac{1}{4}$
Sweden (Kingdom of) 9$\frac{1}{4}$pcLn 2014 £34 [illegible] 11pcLn 2012 £101$\frac{1}{4}$ (25/2). 13.5pcLn 2010 £122
Trinidad & Tobago (Republic of) 12$\frac{1}{4}$pcLn 2009 £94 (25/2)
United Mexican States 16$\frac{1}{2}$pcLn 2008 £94 5 $\frac{1}{2}$. 16$\frac{1}{2}$pcLn 2008 £93 (25/2)

CORPORATION & COUNTY

London County 2$\frac{1}{2}$pc 1920 £19$\frac{1}{2}$ (26/2)
Greater London Council 6$\frac{1}{4}$pc 1990-92 £81 2$\frac{1}{4}$
Barnet Corp 12$\frac{1}{4}$pc 1987 £100 [illegible]
Birmingham Corp 3$\frac{1}{2}$pc 1946 £26 (26/2)
Birmingham District Council 11$\frac{1}{2}$pc 2012 £106 $\frac{1}{4}$ (26/2)
Blackburn Corp 3$\frac{1}{2}$pc £27 (24/2)
Glasgow Corp 3$\frac{1}{2}$pc £27 (21/2)
Greenwich (London Borough of) 11$\frac{1}{2}$pc 1986 £99.853
Islington Corp 11.9pc 2017 £106 (21/2). 12$\frac{1}{2}$pc 1986-87 £100 (26/2)
Leeds (City of) 13$\frac{1}{2}$pc 2006 £120 (24/2)
Manchester (City of) 11.5pc 2007 £105$\frac{1}{4}$ (26/2)
Manchester Corp 1891 3pc £23$\frac{1}{4}$ (24/2)
Salford Corp 5$\frac{1}{2}$pc 1986-88 £88 [illegible]
South Tyneside (Met Borough of) 12$\frac{1}{4}$pc 1986 £99
Southend-on-Sea Borough Council 12pc 1987 £100
Sunderland (Borough of) 11$\frac{1}{4}$pc 2008 £106 (24/2)
Tyne & Wear County Council 12pc 1986 £99
Local Authority 10 [illegible] £98 [illegible] (26/2)

UK PUBLIC BOARDS

Agricultural Mortgage Corp 4$\frac{1}{2}$pcDb 1961-91 £73. 5$\frac{1}{2}$pcDb 1993-95 £57 (21/2). 6pcDb 1982-87 £91 (24/2). 6$\frac{1}{4}$pcDb 1992-94 £72 (21/2). 6$\frac{3}{4}$pcDb 1985-90 £84 5. 7$\frac{1}{4}$pcDb 1991-93 £82 (26/2). 9$\frac{1}{2}$pcDb 1983-86 £98. 9$\frac{1}{2}$pcDb 1985-87 £96. 10$\frac{1}{4}$pcDb 1992-95 £94
Clyde Port Authority 4pc £28
Metropolitan Water New River 3pcDb £41. West Middlesex Water Works 3pc Db £41
Port of London Authority A 3pc1929-99 £36 (26/2). 3$\frac{1}{2}$pc 1949-99 £39 (26/2). 6$\frac{1}{2}$pc 1987-90 £80
Scottish Agric Sec Corp 10$\frac{1}{2}$pcDb 1989-91 £95 (26/2). 13pcDb 1997-99 £110

FOREIGN STOCKS

(coupons payable in London)

Bahia (State of) Brazil 5pcLn 1913 £50. 5pcLn 1928 £70
China (Republic of) 5pcLn 1913 £13 (24/2). Treasury Notes Ln 1919 £9 (26/2). Imp Chin 5pc £13 (21/2)
Greece (Kingdom of) 5pcLn 1914 £50 (25/2). 5pc 1914 1965 £50 (25/2). 6pc 1928 £50
Iceland (Government of) 5$\frac{1}{2}$pc 1983-88 £88 (25/2)
Rio De Janeiro (State of) Brazil 5$\frac{1}{2}$pcCnv £70 (26/2)

STERLING ISSUES BY OVERSEAS BORROWERS

American Medical Intntl 9$\frac{7}{8}$Ln 2011 £30 [illegible]
Inco 15$\frac{1}{4}$pcLn 2006 £126$\frac{1}{4}$
Safeway UK Hldgs 3pc-8.25pcLn 2011 £42$\frac{1}{4}$

BANKS, DISCOUNT

Bank of Ireland (Governor and Co of) 7pcLn1986-91 £75 [illegible]
Barclays Bank 7$\frac{1}{4}$pcLn 1986-91 £85 (26/2). 8$\frac{1}{4}$pcLn 1986-93 £86. 12pcLn 2010 £111 [illegible] 16pcLn 2002-07 £139
Barings 7$\frac{1}{4}$1stPf (£1) 99 (21/2). 8pc1stPf (£1) 102 (25/2). 8pc2ndPf (£1) 104
Cater Allen Hldgs 5pcPf (£1) 42 [illegible] 4.2pc2ndPf (£1) 47 (21/2)
Clive Discount Hldgs Warrants 9 10. 9$\frac{1}{4}$pcPf (£1) 100 (21/2)
Guinness Peat Group 4.2pcPf (£1) 49 (21/2)
Hambros Non Vtg (£1) 81 (21/2)
Hill Samuel Group 8pcLn 1989-94 £79
King and Shaxson Pf (£1) 45. 5pcPf (£1) 40
Lombard North Central 6pc1st Pf (£1) 50 2 (24/2). 5pc2ndPf (£1) 42 (26/2)
Mercury Securities 800 5
Midland Bank 7$\frac{1}{2}$pcLn 1983-93 £82 (25/2). 10$\frac{1}{4}$pcLn 1993-98 £99 [illegible] 100 $\frac{1}{4}$. 14pcLn 2002-07 £124$\frac{1}{4}$
National Westminster Bank 7pcPf (£1) 62. 9pcLn 1993 £90 [illegible] 12$\frac{1}{2}$pcLn 2004 £115
Rea Brothers 70 2 (26/2). 6.425pc2ndPf (£1) 60 (21/2)
Royal Bank of Scotland Group 5$\frac{1}{2}$pcPf (£1) 55 (25/2). 11pcPf (£1) 98 (26/2)
Schroders 8$\frac{1}{4}$pcLn 1997-2002 £80
Standard Chartered 12$\frac{1}{2}$pcLn 2002-07 £111
Wintrust 10$\frac{1}{2}$pcPf (£1) 113 (26/2)

BREWERIES

Allied-Lyons 5$\frac{1}{2}$pcPf (£1) 50. 7$\frac{1}{2}$pcPf (£1) 68. 7$\frac{1}{4}$pcDb 1988-93 £79 (24/2). 11$\frac{1}{4}$pcDb 2009 £110 (24/2). 5$\frac{1}{4}$pcLn £44 (26/2). 5$\frac{1}{2}$pcLn £46 [illegible] 6$\frac{3}{4}$pcLn £53 (26/2). 7$\frac{1}{4}$pcLn £60 [illegible] 7$\frac{1}{2}$pcLn 1993-98 £75 [illegible]
Bass 4pcPf (£1) 33 4 (25/2). 7pcPf (£1) 58 9 (25/2). 3$\frac{1}{2}$pcDb 1987-92 £74 (26/2). 8$\frac{1}{4}$Db 1987-92 £89 [illegible] (26/2). 4$\frac{1}{2}$pcLn 1992-97 £57. 7$\frac{1}{4}$pcLn 1992-97 £77
Bass Investments 5pcLn 1985-90 £81 (25/2). 7$\frac{1}{4}$pcLn 1992-97 £75
Boddington Breweries 9$\frac{1}{2}$pcLn 2000-05 £115
Bulmer (H. P.) Hldgs 9$\frac{1}{4}$pcPf (£1) 115 (26/2). 8$\frac{1}{4}$pc2ndPf (£1) 110 [illegible]
Distillers 5$\frac{1}{2}$pcLn £46 [illegible] 7$\frac{1}{4}$pcLn 1988-93 £83 [illegible] 10.5pcLn 1993-98 £95 [illegible]
Greenall Whitley 5pcPf (£1) 90 4. 7pcLn [illegible]

Bremner 10pcLn 1995 £98
Bridon 10$\frac{1}{4}$pcDb 1991-96 £94
Bridport-Gundry 6pcPf (£1) 47 (25/2)
British Alcan Alum 10$\frac{1}{2}$pcDb 1989-94 £94
British-American Tob 5pcPf (£1) 44. 6pc 2ndPf (£1) 54 (25/2)
British-American Tob Inv 10pcLn 1990-95 £94 (25/2). 10$\frac{1}{2}$pcLn 1990-95 £89 [illegible]
British Benzol 13pcLn 1995 £465
British Ever Ready 6pcLn 1992-97 £66
British Home Stores 7pcPf (£1) 64 6 (24/2). 5$\frac{1}{2}$pcDb 1989-94 £69 (25/2). 7$\frac{1}{4}$pcDb 1994-98 £75$\frac{1}{4}$
British Printing and Comm 4.2pcPf (£1) 50 (21/2). 4.2pcAPf (£1) 50 (21/2) 7.5pcPf (£1) 87$\frac{1}{2}$. 7.75pcPf (£1) 88 93
British Shoe Corp Hldgs 6$\frac{1}{4}$pc3rdPf (£1) 57 [illegible] 7pcLn 1985-90 £85
British Telecommunications 233 (26/2)
British Vita 7$\frac{1}{4}$pcDb 1987-92 £79 (21/2)
Brown Jackson (20p) 22 3 $\frac{1}{2}$ 4. 10.75pc 1stPf (£1) 112 (24/2)
Brown Bros 9pcLn 1987-92 £85$\frac{1}{2}$ (25/2)
Brown (John) A 20 1. 5$\frac{1}{4}$pcLn 2003 £52 (26/2)
Bulgin (A. .) (5p) 170
Bullers 6pcPf (£1) 47 (24/2)
Bunzl 7pcLn 1995-97 £114 $\frac{1}{2}$
Burton Grp Wrnts 235 40. 8pcLn 1998-2003 £71 (26/2). 9$\frac{1}{2}$pcLn 1998-2003 £80 8pcLn 1996-2001 £118 9 20

C—D

C.H. Industrials 7pcPf (£1) 92
Cable and Wireless New (50p) (Fp) 525 (25/2). New (50p) (Ptly Pd) 323 35 6 7 8 9 40 1 2 3 4 5 6 7 8 50
Cadbury Schweppes 3$\frac{1}{2}$pc1stPf (£1) 43$\frac{1}{2}$ (21/2). 8$\frac{1}{2}$pc1stDb 1994-2004 £82. 9pc1stDb 1988-93 £92 3
Caffyns 6$\frac{1}{2}$pc1stPf (£1) 55 (26/2)
Canning (W.) 7$\frac{1}{2}$pcLn 1988-93 £70 (21/2)
Cantors (20p) 200 (24/2)
Cape Indust 10pcDb 1986-91 £90 4$\frac{1}{4}$ (26/2)
Carclo Engineering 10pcPf (£1) 260 (25/2)
Carlton Indust 8$\frac{1}{2}$pcLn 1986-91 £89$\frac{1}{2}$ (26/2)
Carrington Viyella 4.55pcPf (£1) 61 [illegible] 5.6pcPf (£1) 65 6 (26/2). 4.2pcDb 1984-89 £76$\frac{1}{2}$ (21/2). 8.4pcDb 1989-1994 £83. 8.1pcLn 1997-2002 £71$\frac{1}{4}$ (24/2)
Cawenham 7pc1stPf (£1) 95 (25/2). 7.9pc1stPf (£1) 100 7. 10$\frac{1}{2}$pcLn 1992-1997 £97. 10$\frac{1}{2}$pcLn 1991-96 £97
Celtic Haven (5p) 80 [illegible]
Cement-Roadstone 7pcAPf (Ir£1) I£0.45. 8pcDb 1986-91 I£85$\frac{1}{2}$ (26/2)
Central Sheerwood 10pcPf (£1) 30
Centreway Indust 11pcPf (£1) 55 (26/2)
Centreway Tst 11pcPf (£1) 550
Chamberlain Phipps 9pcLn 1983-88 £91
Channel Tunnel Inv (5p) 90 7 (26/2)
Charringtons Indust Hldgs 8pcLn 1988-93 £76 (26/2): 10$\frac{1}{4}$pcLn 1993-98 £94 (21/2)
Chemring CnvPfd (5p) 117 8
Clarke (T.) (10p) 52
Clubsom-Pohs Intnl 7$\frac{1}{2}$pc2ndDb 1988-91 £85 (26/2)
Clyde Blowers 175 85 (25/2)
Coats Patons 4$\frac{1}{2}$pcLn 2002-07 £45 6 (26/2). 6$\frac{1}{2}$pcLn 2002-07 £63 [illegible] 7$\frac{1}{2}$pcLn 1990-95 £73$\frac{1}{4}$
Cohen (A.) NV A (20p) 350
Collins (William) 6pcDb 1993-98 £87 (26/2)
Comben Grp 7$\frac{1}{4}$pcLn 1992-97 £74 (24/2)
Combined English Stores 7$\frac{1}{4}$pcPf (£1) 60. 9$\frac{1}{2}$pcLn 1986-91 £90
Cook and Watts 9$\frac{1}{4}$pcLn 1987-92 £83 (26/2)
Cookson Grp 7pcPfd (50p) 28 (21/2) 7pcPf (£1) 55
Cope Allman Intnl 7$\frac{1}{2}$pcLn 1971-90 £89 (26/2)
Corner Brook Pulp Paper 4$\frac{1}{2}$pcPf (£1) 40 (26/2)
Cory (Horace) 6$\frac{1}{2}$pcPf (£1) 50
Cosalt 10pcLn 1983-88 £93 (26/2)
Country Gentlemen's Assoc 760
Courtaulds 5pc1stPf (£1) 43 (21/2). 7$\frac{1}{4}$pc Db 1989-94 £81$\frac{1}{2}$. 5$\frac{1}{2}$pcLn 1994-96 £64 [illegible] 5. 6$\frac{1}{2}$pcLn 1994-96 £72 [illegible] 3 7$\frac{1}{4}$pcLn 1994-96 £78 [illegible] 9. 7$\frac{1}{4}$pcLn 2000-05 £70$\frac{1}{4}$ (26/2)
Courtaulds Clothing 7$\frac{1}{2}$pcPf (£1) 59 (26/2)
Courtney Pope 6pcPf (50p) 20 (25/2)
Courts (Furnishers) 190 5 (25/2)
Cowan de Groot 10$\frac{1}{2}$pcPf (£1) 100 (25/2)
Cowie (T.) 10$\frac{1}{2}$pcPf (£1) 200 5 6 7 (26/2)
Cronite Grp 14pcDb 1992 £215 (25/2)
Crystalate Hldgs 8pcPf (50p) 30. 8$\frac{1}{4}$pc Ln 2003 £112 3
DRG 7$\frac{1}{4}$pcLn 1986-91 £80 5$\frac{1}{2}$
Dalgety 4.85pcPf (£1) 59 60
Davenport Knitwear (10p) 195 (26/2)
Davies Metcalfe (10p) 62 (25/2)
Dawson Intnl 7pcDb 1985-90 £89 [illegible] 10$\frac{1}{2}$pcDb 1990-95 £97 (21/2)
Debenhams 7$\frac{1}{2}$pc2ndDb 1991-96 £79 (26/2). 6$\frac{1}{4}$pcLn 1986-91 £78 (26/2). 7$\frac{1}{4}$pcLn 2002-07 £69. 7$\frac{1}{4}$pcLn 2002-2007 £72 (26/2)
Delta Grp 4$\frac{1}{4}$pc2ndPf (£1) 360. 7$\frac{1}{4}$pcDb 1985-90 £87 (26/2). 10$\frac{1}{4}$pcDb 1995-1999 £99 (24/2)
Dewhirst Bros (Hldgs) 5.25pcPf (£1) 60 (24/2)
Dewhirst (I. J.) 9.75pcPf (£1) 98
Dewhurst Partner (10p) 34 (25/2)
Dixie (James) (Drop Forgings) 44 6 7
Dominion Internat Wrnts 21 2. 11$\frac{1}{4}$pcPf (£1) 215 8
Dow Chemical ($2.50) 351 (24/2)
Dowty 7pcLn 1986-91 £79
Dubilier 11pcPf (50p) 40
Dupont 3$\frac{1}{2}$pcPf (£1) 43 5 (24/2)
Dura Mill (2$\frac{1}{2}$p) 22$\frac{1}{4}$

E—F

E.R.F. (Hldgs) 10pcPf (£1) 86
Eastern Produce (Hldgs) 10$\frac{1}{2}$pcLn 1992-97 £80. 10$\frac{1}{4}$pcLn 1997-02 £250 (25/2)
Elswick-Hopper 8pcPfPf 1992-94 (£1) 150 (25/2)
Elys (Wimbledon) 650 (24/2)
Empire Stores (Bradford) 9$\frac{1}{4}$pcDb 1994-99 £88 (26/2)
English China Clays 7$\frac{1}{4}$pcDb 1987-92 £82 [illegible]. 7pcLn 1998-2003 £67 (21/2)
English Electric 7pcDb 1986-91 £84 (26/2)
Erode 8pcLn 1903-08 £118 20 (24/2)
Expamet Jewellery (5p) 10 [illegible] 11.5pc (£1) 83 (24/2)
Expamet Internat 4$\frac{1}{2}$pcPf (£1) 35 (24/2)
FI Group 7.7pcPf 1995-99 (£1) 154
FKI Electricals 7pcPf (£1) 218
Fairhrar (10p) 115 6 8 9 20
Falcon Inds. 10pcPf (£1) 88 9 (21/2)
Farnham 12.5pcPf (£1) 132 (25/2)
Fine Spinners Doublers 4pcDb £32 4 (21/2)
Finlay (James) 4.2pcPf (£1) 48 (25/2). 4.2pcPf (£1) 45 (21/2)
Fisons 5 [illegible]pcLn 2004-09 £58 (21/2)
Fitzwilton 6$\frac{1}{2}$pcPf (Ir£1) 24 (21/2)
Fobel Internat 8pcLn 1988-93 £72 (26/2)
Fogarty 10$\frac{1}{2}$pcPf (£1) 100
Folkes (5p) 28 9$\frac{1}{2}$
Ford Internat 8pcLn 1981-87 £206 [illegible] 6. 7$\frac{1}{4}$pcLn 1980-86 262 (21/2)
Forminster 11pcPf (£1) 123
Fosseco Minsep 4$\frac{1}{2}$pcPf (£1) 50. 8$\frac{1}{4}$pcPf 136 8 (26/2). 10pcLn 1990-95 £135 (26/2)
Foster (John) Son 9pcLn 1988-92 £74

COMMERCIAL, INDUSTRIAL

A—B

[illegible]

G—H

[illegible]

I—K

[illegible]

L—M

[illegible]

STOCK EXCHANGE DEALINGS

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated, denominations are 25p and prices are in pence. The prices are those at which the business was done in the 24 hours up to 3.30 pm on Thursday and settled through the Stock Exchange Talisman system; they are not in order of execution but in ascending order which denotes the day's highest and lowest dealing prices.

For those securities in which no business was recorded in Thursday's Official List, the latest recorded business in the four previous days is given with the relevant date.

‡ Bargains at special prices. ¢ Bargains done the previous day. Δ Bargains done with non-member or executed in overseas markets.

London Entertainments (20p) 51 (25/2)
London Intl Gp 10¼pcLn 1990-95 £96½
Lonrho 7½pc1stDb 1985-91 £80¼ (26/2). 9pc2ndDb 1987-92 £88½ (25/2)
Lucas Inds 6¼pc1stPf (£1) 50 (25/2). 7¼pcLn 1983-88 £90¼. 10¼pcLn 1992-97 £96¼ (24/2)
MK Electric Gp 7½pcLn 1986-91 £83 (25/2)
MY Dart Dfd (10p) 26
McAlpine (Alfred) 9pcPf (£1) 114
Macarthys Pharmaceuticals 9½pcBPf (£1) 62 (26/2)
McCarthy and Stone 8pcLn 1999-2004 £123
McCorquodale 6¼pcLn 1990-95 £69 (25/2). 8½pcLn 1994-99 £79 (21/2)

Tootal Grp 5pcPf (£1) 42. 4¼pcDb £42¼ (25/2). 7¼pcDb 1985-90 £87⊕. 7¼pc Ln 1989-94 £78; 9½
Towles (10p) 100. A N-vtg (10p) 86 7 8
Tozer Kemsley Millbourn (Hldgs) 8.5pcPf (20p) 106 7
Trafalgar House 7¼pcPf (£1) 58 (25/2). 7pcDb (£1) 59 (24/2). 8pcLn 1994-99 £72⊕ 43. 9½pcLn 2000-05 £87½⊕. 10¼pcLn 2001-06 £94¼⊕
Transport Dv Grp 8¼pcLn 1993-98 £79 (25/2). 12½pcLn 2008 £112⊕
Trinity Intnl Hldgs (50p) 253 4 5. 5pc Pf (£1) 39½ (24/2)
Triplex 5½pcPf (£1) 40 (26/2)
Trusthouse Forte 6.25pc1stDb 84-89 £87. 7.25pc1stDb 86-91 £88¼

TR Industrial Gen. Tst. 3½pcDb. £26 (24/2) 5¼pcDb. 1982-97 £59 (26/2). 5½pcDb. 1982-87 £95 (26/2)
TR North America 5pcPf. (£1) 40 (26/2)
TR Pacific Basin 367 (25/2)
TR Trustees 4½pcPf. £38 (26/2)
T.T. Fin. 11¼pcDb. 2018 £43¼ (26/2)
Throgmorton 12⅝pcDb 2010 £114¼
Throgmorton USM New (50p) 99. New 5¼pc 990
United States Deb. Con. 4.6pPf. £56 (25/2)
Winterbottom Energy 3½pcPf. (£1) 40: (25/2)
Witan Invst. 8pcDb. 1996-99 £74½ (26/2)

[illegible]

Tilling (Thomas) 4.55pcPf (£1) 55 (26/2). 5.25pcPf (£1) 60½ (24/2). 8pcDb 1985-90 £89½⊕. 8½pcLn 1989-94 £80: 6 ½
Tomkins (F. H.) 9¼pcLn 1994 £185⊕

7pcDb 1988-93 £81 (26/2)
Shires Invst. 33 (25/2). 11pcLn. 2003-04 £104
TR Australia 96 (24/2). 7pcDb. 1997-2002 £68 ½

SPECIAL LIST

RULE 535 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List

Acorn Secs 15

[illegible]

Tri-Basin Res 50m (24/2)
Unilever NV (Fl 20) Fl 349 2
Upjohn [illegible] (21/2)
Vam 10 (24/2)
Vehe [illegible]
Volkswagenwerk £152½
Waltons Bond 21
Wang Labs B £13⅞
Westfield Minerals 55
Westfort Pet 20 (21/2)
Westgrowth Pet 19
Woodside Pet A$1 12
Wooltru A 310 (24/2)
Woolworths (A$0.50) 171 3 (24/2)

RULE 535 (2)

Applications granted for specific bargains in securities not listed on any exchange

Abbey Nat Bldg Soc 12¼pcBds £99.482pc (21/2)
Do. 11¼pcBds £99.628pc
Airship Inds (12½p) 36 8 9
Airsprung (10p) 70
All England Lawn Tennis Gnd £500Dbs 1986-90 £15,000 102 (24/2)
Alliance Bldg Soc 12¼pcBds £99.465pc (21/2)
Anglo-Am Agric 54 ½ (25/2)
Ann St Brewery (£1) 570 80 (24/2)
Appleton (10p) 12
Barbican (5p) 3½ ¼
Barlo (Ir 25p) 400
Bristol West BS 12¼pc £99.473pc (21/2)
Burad Intnl (10p) 21 3 (24/2)
Carmun (10p) 21 33 64 (25/2)
Catalyst Comms (5p) 50 2 (24/2)
Cedar 10¼pcDb 1991-96 £26¼pc ⅞pc (25/2)

[illegible]

Sinclair Research 59 60 (24/2)
Southern Newspapers (£1) 206 8 (25/2)
Taddale Invs (10p) 7 ½
Tendring Hundred W'works 4½pcDb £22pc (25/2)
Wadworth 9¼pcPf (£1) 90 100 (21/2)
Do. 10pcPf (£1) 110½ 1¼ (21/2)
Wistech (1p) 16 7 (26/2)

RULE 535 (3)

Dealings for approved companies engaged solely in mineral exploration

Kenmare Oil Exploration (Ir 25p) 4½ (21/2)
North West Oil Gas (20p) 6

(By permission of The Stock Exchange Council)

Granville & Co. Limited

Member of The National Association of Security Dealers and Investment Managers

8 Lovat Lane London EC3R 8BP. Telephone 01-621 1212

Over-the-Counter Market

High	Low	Company	Price	Change	Gross div.(p)	Yield %	P/E Actual	P/E Fully taxed
146	118	Ass. Brit. Ind. Ord. ...	128	—	7.3	5.7	7.8	7.3
151	121	Ass. Brit. Ind. CULS...	133	—	10.0	7.5	—	—
75	43	Airsprung Group	70	—	6.4	9.1	11.7	15.2
46	33	Armitage and Rhodes...	34	+1	4.3	12.6	4.2	5.1
172	108	Bardon Hill	172	+2	4.0	2.3	21.8	22.6
64	42	Bray Technologies ...	57	—	3.9	6.8	7.0	8.0
201	136	CCL Ordinary	138	—	12.0	8.7	3.4	3 2
152	97	CCL 11pc Conv. Pref.	99	—	15.7	15.9	—	—
136	80	Carborundum Ord. ...	135	—	4.9	3.6	6.7	10.5
94	83	Carborundum 7.5pc Pf.	91	—	10.7	11.8	—	—
65	46	Deborah Services	57xd	—	7.0	12.3	5.9	7.8
32	20	Frederick Parker Group	22	—	—	—	—	—
98	50	George Blair	98	—	—	—	4.0	7.3
68	30	Ind. Precision Castings	68	—	3.0	4.4	17 9	16.0
218	161	Isis Group	161	−2	15.0	9 3	12.4	18 5
122	101	Jackson Group	118	—	5.5	4.7	7.9	7.9
335	228	James Burrough	335	+3	15.0	4.5	10.6	10 6
95	85	James Burrough 9pc Pf.	93xd	—	12.9	13.9	—	—
95	64	John Howard and Co.	65	—	5.0	7.7	5.2	8 1
950	570	Minihouse Holding NV	940	—	6.9	0.7	41 0	39.0
82	32	Robert Jenkins	67	−3	—	—	8.7	19.1
34	28	Scruttons "A"	30	—	—	—	—	7 7
87	66	Torday and Carlisle ...	69	—	5 0	7.2	3.5	6.3
370	320	Trevian Holdings	330	—	7 9	2.4	6.9	9.1
50	26	Unilock Holdings	50	—	2.1	4 2	13 6	13 3
137	93	Walter Alexander	137	+1	8.8	6.3	7.7	9.4
226	195	W. S. Yeates	200	—	17.4	8.7	5 7	9.8

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

[illegible]

CONTINUED OVER

AUTHORISED UNIT TRUSTS & INSURANCES

Oppenheimer Fund Mngt Ltd
66 Cannon St, London EC4N 6AE Dlg. 01-236 3885

International Growth	121.7	130.2	-0.8	0.90
Income & Growth	53.4	56.8	+0.2	3.00
Special Situations	71.2	76.2	-0.5	4.40
American Growth	32.2	34.5xd	+0.7	0.70
Japan Growth	42.4	45.4	....	0.00
European Growth	51.9	55.6xd	-0.3	2.30
UK Growth	49.7	53.2	....	0.80
Pacific Growth	36.4	39.0	+1.0	0.10
High Income	29.9	32.0	+0.1	8.40
Practical Income Units	47.6	50.6	....	2.30
Practical Accum. Units	85.6	91.1	+0.1	2.30

Pearl Trust Managers Ltd (a)(g)
252 High Holborn, WC1V 7EB 01-405 8441

Pearl Growth Fd.	81.4	86.6	+0.1	2.63
Accum Units	120.3	128.0	+0.1	2.63
Pearl Inc.	108.9	115.9	....	4.30
Pearl Unit Tst.	115.7	123.1	-0.3	3.39
(Accum. Units)	198.0	210.6	-0.6	3.39
Pearl Intl Equity	111.1	118.2	+1.0	1.69
(Accum Units)	111.1	118.2	+1.0	1.69

Perpetual Unit Trust Mngmt. (a)
48 Hart Street, Henley on Thames 0491 576868

International Growth	242.3	260.0	+3.8	1.30
Income	175.0	187.4	-0.5	5.14
Worldwide Recovery	137.2	147.3	+1.2	1.94
American Growth	66.5	71.4	+0.6	1.02
Intl. Emerging Cos.	72.8	78.2	+1.2	0.67
Far East Growth Fd	58.7	63.0	+0.4	1.10
European Growth Fd	51.3	55.1	+0.2	2.0

Prolific Unit Trusts
222 Bishopsgate, London EC2 01-247 7544/7

Prolific American Inc.	53.9	57.3xd	+0.9	4.67
Prolific Far East	128.4	138.1	+1.0	0.30
Prolific Extra Inc.	77.0	81.7	+0.4	5.07
Prolific C'vert & Gilt	89.0	94.4xd	+1.7	6.30
Prolific High Inc	161.7	171.5	-0.1	4.32
Prolific Intl	99.5	105.9	+1.4	1.28
Prolific N. Amer.	134.5	144.6	+3.0	2.07
Prolific Spec. Sits	181.0	191.9	-0.1	1.19
Prolific Technology	114.1	121.4	+1.4	0.49

Providence Capital Fd. Mgrs. Ltd
30 Uxbridge Road, London W12 8PG 01-749 9111

Japan Inc	60.5	64.4	-0.4	0.00
Japan Acc.	60.6	64.5	-0.4	0.00
Worldwide Inc.	62.5	66.5xd	-0.5	1.46
Worldwide Acc.	63.2	67.3	+0.6	1.46
European Tst Inc	76.7	81.7	+0.4	0.66
European Tst Acc.	77.0	82.0	+0.4	0.66
North American Inc.	54.5	58.0xd	+1.8	1.69
North American Acc.	53.4	56.9	....	1.75
UK Equity Inc	60.2	64.1	-0.3	2.52
UK Equity Acc.	61.7	65.7	-0.3	2.52

Provident Mutual Unit Trust Managers Ltd.
25-31 Moorgate, London, EC2R 6BA. 01-588 3963

PM Equity Growth	54.6	58.5	....	2.12
PM Income and Growth	52.5	56.2	....	4.92

Prudential Unit Trust Mngrs Ltd (a) (b) (c)
51-69 Ilford Hill, Ilford, Essex IG1 2DL 01-478 3377

Holborn Comm Trust	50.5	53.7	....	3.09
Holborn Equity Tst	379.3	403.7	....	3.30
Holborn European Trust	72.3	76.9	....	0.94
Holborn Gilt Tst.	165.4	172.1	....	8.90
Holborn High Inc	61.1	65.0	....	6.67
Holborn Intl Growth	82.7	87.9xd	....	0.79
Holborn Japanese Trust	66.8	71.0xd	....	0.05
Holborn N. Amer. Trust	61.1	64.9	....	1.74
Holborn Spec Sits	57.4	61.0	....	3.09
Holborn UK Growth	76.2	81.0xd	....	3.02

Quilter Management Co Ltd
31-45 Gresham Street, London EC2 01-600 4177

Quadrant Gen Fd.	381.8	406.2	....	3.23
Quadrant Income	210.4	223.9	....	5.93
Quadrant Intl. Fund	347.3	365.6	....	1.21
Quadrant Spec. Sits	229.2	243.9	....	3.06

Reed Stenhouse Inv Services Ltd
145 Borough High St, London SE1 1NV 01-628 6011

Wellington Inc.	59.5	63.3	....	6.00
Wellington Growth	127.9	136.3	....	2.00

Reliance Unit Mgrs. Ltd
Reliance House, Tunbridge Wells, Kent 0892 22271

British Life	158.8	170.8	+0.4	3.35
Reliance Unit Tst (Inc)	103.7	110.8	+0.1	3.82
Reliance Ut Tst (Acc)	136.1	145.4	+0.2	3.82

N.M. Rothschild Asset Management
St Swithin's Lane, London EC4 01-280 5456

Stewart Ivory Unit Trust Mgrs Ltd (a)
45 Charlotte Sq, Edinburgh 031-226 3271

American Fund	209.8	223.4	+6.3	2.27
(Accum. Units)	235.6	250.9	+7.1	2.27
(Withdrawal Units)	151.9	161.7	+4.5	2.27
Australian Fund	108.8	115.9	-0.1	1.00
(Accum. Units)	110.0	117.2	-0.1	1.00
British Fund	522.2	556.1xd	-4.9	4.32
(Accum. Units)	702.3	747.9xd	-4.1	4.32
European Fund	241.2	257.3	-0.4	0.93
(Accum. Units)	254.0	270.9	-0.5	0.93
Japan Fund	239.9	255.5xd	+3.0	0.40
(Accum. Units)	240.6	256.3xd	+3.0	0.40
Saints PPP	146.6	154.4	....	—

Sun Alliance Fund Management Ltd
Sun Alliance House, Horsham 0403 56293

Equity Tst.	364.2	387.4	-2.0	2.44
North America	54.4	57.8	+1.4	1.63
Far East	59.8	63.6	....	1.00

Sun Life Trust Mngmt. Ltd
107 Cheapside, London EC2V 6DU 01-606 6010

American Growth Acc.	28.8	30.7xd	+0.9	1.6
American Income Acc.	28.5	30.4xd	+1.0	4.1
American Income Inc.	28.2	30.0xd	+1.0	4.2
European Growth Acc.	43.5	46.3	+0.1	1.9
Far East Growth Acc.	31.8	33.8	+0.7	0.7
Int. Growth Acc.	29.6	31.5	+0.6	0.8
Japan Growth Acc.	40.8	43.4xd	+0.8	0.3
UK Growth Acc.	33.0	35.1xd	-0.2	2.1
UK Income Acc.	29.1	30.9xd	-0.2	4.0
UK Income Inc.	28.5	30.2xd	-0.2	4.1
Managed Growth Acc.	34.2	36.4	....	2.1
Managed High Yield Inc.	40.8	43.4xd	-0.1	7.0
Managed Income Inc.	30.7	32.6	....	3.8

Swiss Life Pen. Tst. Man. Co Ltd (a)(c)
99-101 London Rd, Sevenoaks 0732 450161

Equity Dist.*	241.9	255.9	....	3.84
Equity Acc.*	291.0	307.9	....	3.84
Fixed Int. Dist.†	117.3	121.5	....	11.13
Fixed Int. Acc.†	172.1	178.3	....	11.13

*Prices on Feb 12. Next dealing Mar 12
†Prices on Feb 24. Next dealing March 5

TSB Unit Trusts (b) (c) (y)
PO Box 3, Keens House, Andover, Hants SP10 1PG
0264 62188 Dealings to 0264 63432-3

TSB American	109.6	116.7	+2.6	0.95
Do. Accum.	114.2	121.5	+2.7	0.95
TSB Extra Income	100.2	106.6xd	-0.1	5.52
Do. Accum.	117.0	124.5	-0.1	5.52
TSB General	147.9	157.4xd	-1.0	2.80
Do. Accum.	240.7	256.1	-1.6	2.80
TSB Gilt & Fxd Int.	47.9	49.9xd	....	8.88
Do. Accum.	61.3	63.9	+0.1	8.88
TSB Income	199.5	212.3	-0.7	4.49
Do. Accum.	306.3	325.9	-1.0	4.49
TSB Pacific	122.1	129.9	+1.4	0.72
Do. Accum.	125.1	133.1	+1.4	0.72
TSB International	271.3	288.7	+3.3	1.81
Do. Accum.	333.1	354.4	+4.1	1.81
TSB Natural Resources	43.0	45.8	+0.3	2.35
Do. Accum.	43.9	46.8	+0.4	2.35
TSB Sictd. Opps.	56.0	59.6	+0.1	1.81
Do. Accum.	60.9	64.8	+0.1	1.81

3i Unit Trust Managers Ltd
2 St Mary Axe, London EC3A 8BP 01-928 3356

Small Co's Fund	69.0	73.4	+1.0	0.1

Target Trust Mngrs. Ltd (a)(g)
Target Hse, Gatehouse Rd, Aylesbury Bks (0296) 5941

American Eagle	74.1	79.1	+2.0	0.44
Australia	19.4	20.7xd	-0.3	0.10
Commodity	71.9	77.5	....	2.27
Energy	32.2	34.5	-0.5	1.57
Equity	116.7	125.4	....	2.92
European Spec. Sits.	83.9	88.9	+1.8	0.27
Extra Income	104.9	112.7xd	+2.8	6.13
Financial	241.0	257.9	+1.1	1.95
Gilt Income	100.7	105.6xd	+0.1	8.46
Gold Income	59.1	63.2	+0.7	1.96
Gold Acc.	107.7	115.2	+1.3	1.96
Income	75.5	80.8xd	-1.4	4.77
Japan	66.3	70.9	+1.4	0.10
Malaysia & Singapore	19.0	20.3	-0.2	1.38
Pacific Income	71.7	76.2	+0.3	0.09
Pacific Re Inv	87.9	93.6	+0.5	0.09
Preference Share	16.5	17.8xd	....	9.97
Special Sits.	81.7	87.4xd	....	0.93
Technology	46.3	49.5xd	+1.1	0.10
UK Capital	60.8	65.2xd	-0.4	2.02
World Income Fund	50.2	53.6	+0.4	7.06
Worldwide Capital	129.8	139.9	+1.4	1.81
Equity Exempt Feb 25	69.5	74.3	....	2.07
Equity Ex Acc Feb 25	130.1	139.0	....	2.07

Touche, Remnant Unit Trust Mngt Ltd

Manufacturers Life Insce Co (UK)—Contd
Pension Fund Prices

Managed Init.	232.5	....	....	—
Do. Accum.	270.6	....	....	—
Property Init.	210.2	....	....	—
Do. Accum.	244.6	....	....	—
Equity Init.	267.7	....	....	—
Do. Accum.	311.1	....	....	—
Gilt-Edged Init.	204.2	....	....	—
Do. Accum.	237.7	....	....	—
Guaranteed Init.	141.3	....	....	—
Do Accum.	164.5	....	....	—
International Init.	354.5	....	....	—
Do. Accum.	412.2	....	....	—
Index Lk. Gilt Init.	121.0	....	....	—
Do. Accum.	140.3	....	....	—

Merchant Investors Assurance
Leon House, 233 High St, Croydon 01-686 9171

Property Growth Assur Co Ltd—Contd

Prop. Pens. Fd.	336.7	....	....	—
Prop. Pens. Cap. Uts.	249.3	....	....	—
Bldg. Soc. Pen. Ut.	338.3	....	....	—
Bldg. Soc. Cap. Ut.	240.9	....	....	—
Gilts Pens. Fd.	214.0	....	+0.9	—
Gilts Pens. Fd. Cap.	172.8	....	+0.3	—
Equity Pens. Fd.	402.6	....	-1.4	—
Equity Pens. Fd. Cap.	324.3	....	-1.2	—
Intl. Pens. Fd.	140.9	....	....	—
Intl. Pens. Fd. Cap.	130.6	....	....	—

Providence Capital Life Assc. Co Ltd
30 Uxbridge Rd, London W12 8PG 01-749 9111

Equity Acc.	155.0	163.6	+1.7	—
Fixed Interest Acc.	104.9	110.7	+0.6	—
Intnl. Acc.	112.4	118.6	-0.2	—
Managed Acc.	122.7	129.4	+0.5	—
Property Acc.	146.1	154.2	+0.1	—
Money Acc.	85.8	90.6	....	—

INSURANCES

INSURANCE, OVERSEAS & MONEY FUNDS

OFFSHORE AND OVERSEAS

Money Market Trust Funds

Money Market Bank Accounts

NOTES

TRADITIONAL OPTIONS

3-month call rates

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LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1985/86 High	Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
99 3/4	96 3/4	Treas. 10pcCnv 1986	99 31/32	+1/32	10.05	12.48
98 1/2	92 3/8	Treas 3pc 1986	98 1/2	+1/32	3.06	12.38
100	97 1/2	Exch. 10 1/2pc 1986	99 7/16	....	10.55	12.52
101 7/8	97 3/4	Treas 12pc 1986	99 7/8	-1/16	12.02	11.75
98 3/4	94 3/4	Treas 8 1/2pc 1984-86‡‡	98 7/8	....	8.60	11.40
105 3/16	100 3/8	Exch. 14pc 1986	101 3/16	-1/16	13.83	11.74
95 13/16	87 3/8	Exch. 2 1/2pc 1986	95 1/2	-1/8	2.62	9.24
104 3/4	100 1/8	Exch. 13 1/4pc 1987	101 1/4	-1/8	13.07	11.51
99 13/16	96 5/8	Treas 10 1/4pcCv '87	99 3/16	-1/16	10.33	11.15
94 1/4	85 1/2	Exch 2 1/2pc 1987	94 1/2	-1/8	2.65	8.46
100 1/2	96 1/4	Exch. 10 1/2pc 1987	99 3/16	-1/8	10.59	11.28
95 3/4	89	Funding 6 1/2pc '85-87‡‡	95 3/4	-1/16	6.79	10.46
99 3/16	95 1/2	Treas. 10pc 1987	98 3/4	-1/16	10.13	11.03
93 3/4	84 1/4	Treas 3pc 1987	93 1/4	-1/16	3.22	8.43
102 11/16	99 1/8	Treas. 12pc 1987	101 3/8	-1/16	11.84	11.03
95 3/4	90 1/4	Treas 7 3/4pc 1985-88‡‡	95 3/16	-1/16	8.13	10.51
100 1/16	95 1/8	Exch 10 1/2pc '88	99 1/16	-1/8	10.56	10.78
98 1/8	93 1/8	Treas 9 3/4pc Cv '88	97 3/4	-1/8	9.97	10.86
88 5/8	80	Transport 3pc '78-88	88 1/2	-1/8	3.39	8.54
97 1/8	91 1/2	Treas. 9 1/2pc '88	96 1/4	-1/16	9.82	10.92
102 3/4	97 1/2	Treas 11 1/2pc 1989	101 3/4	-1/16	11.30	10.79
97 3/16	90 3/4	Treas 9 1/2pc Cnv. '89	96 3/16	-1/4	9.86	10.91
85	79	Treas 3pc 1989	85	....	3.53	8.54
99 5/8	94	Treas 10 1/2pc 1989	99 1/4	-1/16	10.58	10.72
98 3/8	92	Exch. 10pc 1989	98 1/16	-1/16	10.20	10.69
101 1/16	95	Exch 11pc 1989	101 1/16	-1/4	10.89	10.66
86 1/4	79	Treas 5pc 1986-89	86 5/8	-1/8	5.77	9.48
100 1/4	95	Exch 10 1/4pcCv '89	99 7/8	-1/8	10.26	10.25
108 1/2	103 1/4	Treas 13pc 1990‡‡	107 5/16	-1/4	12.11	10.63

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked

[illegible]

INT. BANK AND O'SEAS GOVT STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

AMERICANS—Cont.

[illegible]

CANADIANS

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS—Cont.

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY & STORES—Cont.

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

[illegible]

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INDUSTRIALS—Continued

LEISURE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

INSURANCES

LEISURE

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

PROPERTY

INVESTMENT TRUSTS—Cont.

Finance, Land, etc

FINANCE, LAND—Cont.

OIL AND GAS

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

MINES—Continued

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

Tins

Miscellaneous

1985/86 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's
550	175	Cons. March. 10c	240	......	[illegible]	3.9	‡
40	24	‡Ennex Int. Ir10p	29	......	—	—	—
123	70	Greenwich Res	83	+8	—	—	—
215	115	Hampton Areas 10p	125	......	3.75	0.9	4.0
260	135	♥Highwood Res	222	–3	—	—	—
£22½	£15½	Homestake Mining $1	£16½	+½	Q20c	—	0.9
310	155	♥McFinley Red Lake	190	–5	—	—	—
335	195	♥Musto Explorations	265	......	—	—	—
55	23	♥New Sabina Res C$1	42	+2	—	—	—
375	195	Northgate C$1	210	–2	—	—	—
685	507	RTZ	615	–5	†20.0	2.8	4.6
£145½	£114½	Do. 9⅛pcLn '95-2000	£131	–1	Q9½%	14.0	F7.3
980	800	♥Tara Expn $1	912	......	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Figures based on prospectus or official estimates for 1984. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	104	+2	Fin. 13% 97/02	£113¼	......
Craig & Rose £1	£11	......	Arnotts	250	......
Finlay Pkg. 5p	45	......	CPI Hldgs	55	......
Holt (Jos) 25p	720	......	Carrol Inds.	170	+3
IoM Stm. £1	62	......	Dublin Gas	52	......
			Hall (R. & H.)	60	......
IRISH			Heiton Hldgs.	25	+1
Fund 12¼% 1988	£99¾	......	Irish Ropes	57	+2
Nat. 9¾% 84/89	£95¼	+⅛	Unidare	125	+7

"Recent Issues" and "Rights" Page 12

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FINANCIAL TIMES
Saturday March 1 1986

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NATIONAL EXHIBITION CENTRE
BIRMINGHAM 18-21 MARCH 1986

Hanson raises £1bn credit for Imperial bid

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

HANSON TRUST, the UK conglomerate which is bidding for Imperial Group, has arranged a £1bn, seven-year credit from a group of international banks led by Chemical Bank of the US.

The money, believed to be the largest single sterling credit to a UK corporation, will go towards meeting the cash element in Hanson's £2.4bn offer for Imperial.

The appointment of Chemical to arrange the deal raised some eyebrows in the City yesterday because of Hanson's close relationship with Lloyds.

Mr Martin Taylor, a Hanson director, said Chemical had been chosen because it was the company's main US bank. He denied that Lloyds had been passed over because Mr Geoffrey Kent, Imperial's chairman, was on its board.

Midland Bank, which is sharing its £125m commitment with its Samuel Montagu merchant banking subsidiary is the only British bank involved.

Bankers say the credit highlights the awkward conflicts of interest that can arise when large credits are arranged for disputed takeover. Potential lenders have to weigh up the advantage of taking new business on their books against possible damage to their relations with the target company.

As with many similar deals, Hanson is paying an interest premium to obtain its money. Other underwriters of the credit are Banque Paribas, Credit Lyonnais, Credit Suisse, Sumitomo Bank, Toronto-Dominion and Union Bank of Switzerland.

The deal is two-stage, starting with a short-term standby line which can be drawn on quickly if the bid succeeds. Only then would other banks be invited to subscribe in general syndication of the seven-year loan.

That would allow Hanson to reduce the amount of the borrowing if Imperial shareholders opted for the alternatives to cash. For each Imperial share, Hanson is offering one ordinary Hanson share plus 153p in cash or 10 per cent Hanson convertible stocks or 12 per cent loan notes.

Chemical Bank declined to disclose the credit's conditions yesterday, but bankers said it will bear an initial interest margin of ⅛ per cent over sterling money market rates rising later to ⅜ per cent.

That compares with average margins just below ⅛ per cent paid on a recent £210m credit by Standard Life Assurance. This prompted speculation that Hanson Trust would quickly seek to refinance at lower cost if the bid succeeds.

Charles Batchelor writes: Hanson Trsut yesterday joined the growing number of companies which have taken takeover battles to the courts with the announcement of plans to sue Imperial Group over its hard-hitting newspaper advertising campaign. Imperial has responded to Hanson's takeover bid seeking a defensive merger with United Biscuits.

Hanson said it had issued instructions for writs to be issued as soon as possible against Imperial, each of its directors and its advertising agents. It is seeking damages for defamation and malicious falsehood.

Imperial's campaign was the work of J. Walter Thompson, a large advertising agency.

Mr Martin Taylor, a Hanson director, said yesterday: "Our prime concern is to ensure that the directors of Imperial have an obligation actually to pay attention to the responsibility statement included in the advertisements."

Imperial said last night that it had not received a copy of the Hanson Trust letter. It added: "To the best of our knowledge, all the information was audited and verified. Our advertisements only repeated what we said in our defence document, and Hanson never said anything when that was sent out."

Lloyds Bank lifts profits to £561m

By Michael Cassell

LLOYDS BANK yesterday started the UK clearing bank reporting season by unveiling 1985 pre-tax profits of £561m, a 20 per cent increase on the previous 12 months.

The results were accompanied by a 19 per cent dividend increase, up from 17.7p to 21p per share for the year, a one-for-two scrip issue and the disclosure that the bank's bad debt provisions fell slightly from £269m in 1984 to £257m. The reduction was, however, almost entirely attributed to exchange rate fluctuations.

Lloyds' profits came out towards the top end of City forecasts and the bank's shares closed 7p up at 492p. Shares of the other clearers, all of whom report next week, slipped marginally.

Sir Jeremy Morse, chairman, described the results as "excellent," although they were "no more than we need to achieve in a very uncertain world." He said that, following the reorganisation of the bank's corporate structure, it was better equipped to respond to the challenges of unifying markets.

Mr Brian Pitman, chief executive, said that, in spite of volatile exchange rates, the impact on the bank's profits had been broadly neutral. He added: "What we have not been able to control is the cyclical pattern of bad debts."

The bank has made progress in restoring the ratio of shareholders' funds to assets, badly hit by the 1984 Budget which phased out leasing tax allowances and cut Lloyds' reserves by £465m.

The 1984 year-end ratio of 4.7 per cent recovered during 1985 to 5.3 per cent, although it remains below the pre-Budget level of 6 per cent.

Lloyds contained the rise in operating expenses to £69m, representing the lowest rate of increase for five years.

Pre-tax profits in the UK, where there had been a marginal reduction in provisions, rose from £349m to £460m.

In spite of intensifying competition, both UK retail and corporate banking arms made higher contributions. There was also a marked improvement in profits from Bowmaker Finance. The number of current accounts in the UK fell by about 20,000 to 5.3m, although balances rose by 6 per cent.

Results, Page 8

PCW members' losses grow

BY JOHN MOORE, CITY CORRESPONDENT

MORE THAN 1,500 underwriting members of the Lloyd's insurance market, whose affairs were managed by the troubled PCW underwriting agency, are facing a further rise in losses already standing at £130m.

An independent agency, established by Lloyd's to look after the affairs of the members, following discovery of irregularities, warned in a letter sent this week that it was probable there would be a deterioration on two syndicates into which the members are grouped.

The agency, Additional Underwriting Agencies (No. 3), said that at present it could not quantify the extent of the deterioration. Lawyers, accountants and underwriters, however, who are helping the underwriting members, fear overall losses could climb to between £200m and £250m.

In one of the worst series of troubles ever to hit the Lloyd's insurance community the 1,525 found that more than £40m of their funds were diverted by two former managers of the PCW agency, Mr Peter Cameron-Webb and Mr Peter Dixon.

After discovery of the losses the parent company of PCW, Minet Holdings, the large UK insurance broker, with US broker Alexander and Alexander Services, the parent of Alexander Howden, another broker involved in the affair, made a joint offer to compensate members for missing funds in 1984.

Last year it was discovered the underwriting members faced trading losses of £130m. These the members alleged were directly linked to the earlier irregularities of the former executives.

A steering group representing more than 300 hardest hit members is planning legal action but, after talks with Lloyd's has agreed to wait before launching its full campaign.

Attempts are being made within Lloyd's to see whether an out-of-court settlement can be reached with the members, involving contributions by Lloyd's brokers and other intermediaries.

Further, the members are seeking a contribution from Lloyd's. Lloyd's is considering ways in which the entire membership of the market, 28,597 members, could be used to provide insurance cover for the members to stop the losses rising above a certain level.

The problem for parties involved in seeking a settlement is that no firm figures for the eventual losses have been calculated and, therefore, no settlement can be reached.

The steering group of underwriting members wrote to its constituents this week. It told them that unless it was satified Lloyd's and others involved in the affair were going to present in the next two weeks proposals which were fair to the members, "we will recommend that the names [the members] take the matter into their own hands and commence proceedings."

Meanwhile a company established by Minet to recover assets for the members is talking with Mr Cameron-Webb. The talks could involve his paying across assets representing £1m and leave the company on open-ended arrangement to seek more assets from the former underwriter.

Other talks between the company and Mr John Wallrock, former chairman of Minet, who was implicated in the affair, could lead to a £250,000 payment by Mr Wallrock.

French halt N. Zealand imports

BY DAVID HOUSEGO IN PARIS

THE FRENCH authorities are holding up imports of lambs' offal, fruit and fish from New Zealand in an apparent attempt to put pressure on the New Zealand Government to release two French agents. The two are serving prison sentences in New Zealand for their part in the blowing up of the Greenpeace boat the Rainbow Warrior.

New Zealand diplomats in Paris confirmed yesterday that since last month the French authorities have without warning refused import licences for some New Zealand products or turned away goods as being wrongly described. The New Zealand embassy said complaints to the French Ministry of Agriculture and the Foreign Ministry had yielded no satisfactory reply.

On Thursday, Mr David Lange, New Zealand's Prime Minister, denounced the French Government for imposing import licences and non-tariff barriers against New Zealand goods. He said such measures were "a very odd way of trying to obtain the release of two guilty people."

The restrictions come at a time when New Zealand's exports to Franc have been quickly growing. Negotiations are due to begin later this year on new import regimes to the European Community for New Zealand butter and lamb. New Zealand's exports to France have grown from NZ$106m (£37m) in 1981-82 to NZ$214m in 1984-85.

Apart from the overall voluntary restraint agreement between New fiealand and the EEC over sheep meat, there is a subsidiary agreement with France covering sheep imports.

New Xealand officials say the French Government has denied any link between the imports problem and French demands for the release of the agents.

French opposition leaders have said, however, that if the right is victorious in the elections in March they will take tougher reprisals against New Zealand to secure the agent's release.

New Zealand officials' attention was drawn to the restrictions by French importers. One complained that containers of lambs brains had been refused licences normally granted automatically before customs clearance. The French say the licences are necessary for statistical purposes.

Imports of frozen black cory (a fish sold in France as St Pierre) have also been turned back on the grounds that the nomenclature was wrong. Canned Kiwi fuit has also been refused entry.

In his remarks Mr Lange raised some hope that the French agents might be freed earlier than expected when he said they could not be released before serving "an appropriate part of their sentence."

The New Zealand Government is seeking a formal apology from France for the blowing up of the Rainbow Warrior in New Zealand territory. Negotiations are believed to have been stalled since December.

Paris and Bonn agree to boost military co-operation

By David Marsh in Paris

FRANCE and West Germany yesterday agreed to increase military co-operation and also reached a compromise which could eventually lead to Bonn's participation in the French plan to build a European space shuttle, Hermes, for the 1990s.

President Francois Mitterrand and Mr Helmut Kohl, the West German Chancellor, announced that Paris would consult Bonn over use of French tactical nuclear weapons against targets in West Germany in the event of East-West conflict.

Agreement on the consultation mechanism, under discussion for some months, underlines the fact that France believes its European security interests overlap with West Germany's.

France remains outside the integrated command structure of the North Atlantic Treaty Organisation and retains an overall policy of independence in the use of its nuclear deterrent. Yesterday's accord, however, emphasises that France is willing to use its nuclear force to defend West Germany as well as its own territory.

Talks in Paris on Thursday evening and yesterday, part of regular twice yearly summits between the two governments, have been overshadowed by the French general elections, which take place in a fortnight's time.

Nevertheless, the talks ended with a series of statements foreshadowing greater co-operation between French and German forces in West Germany, a start this year to joint training for officers, and more joint cultural events.

Mr Mitterand stressed that the basic decision on using either conventional or nuclear weapons in a conflict in West Germany could be taken only by the French President.

Any French decision to start manufacturing the neutron bomb—on which, he said France had already carried out research and development—would not involve consultation with Bonn. Mr Mitterrand said France would begin production of the neutron bomb only if superpower arms reduction talks failed.

West Germany maintained its refusal to give immediate backing to Hermes, which France is proposing as a way of giving Europe autonomy in orbital space transport by the mid-1990s.

Bonn will decide on the matter in the autumn, after more consultations with the French. The project could go ahead formally as a European programme in mid-1987.

That is one year later than the schedule so far favoured by France, which will next week, at a council meeting of the European Space Agency, seek formal endorsement from other European countries for the project.

One leading ESA official said last night he was pleased with the compromise, which kept the project alive. He stressed that CNES, the French space agency, was already offering participation in Hermes to German companies, in spite of the lack of backing from Bonn.

ESA believes Hermes could still met France's planned date for a first flight by 1995-96.

However, the setback to the US space programme resulting from the shuttle disaster last month could delay plans to build a US space station, with European participation, by 1994. This would provide a further reason for delaying the Hermes project.

Teachers' pay deal fears after NUT legal threat

BY DAVID BRINDLE, LABOUR STAFF

THE PROPOSED settlement of the year-old teachers' pay dispute in England and Wales hung in the balance last night after the National Union of Teachers made a last-ditch threat of legal action to prevent it going through.

The development came as hopes of the deal being ratified by the statutory Burnham pay negotiating committee, as scheduled yesterday, faded in an atmosphere of fresh suspicion between unions and employers.

It was clear that the agreement on terms for a rteurn to uormal working, reached after a nine-hour meeting through Thursday night at Acas, the conciliation service, was proving fraught with problems on both sides of the bargaining table.

As the Burnham session was adjourned last night until Monday, with the two sides not having met face to face, union leaders were warning of a fierce reaction by their members if the deal collapsed.

Mr Fred Smithies, general secretary of the National Association of Schoolmasters/Union of Women Teachers and leader of the five smaler unions wanting to accept the deal, said: "They would be more angry than they have ever been and the consequence for the schools [illegible] be more dreadful than at [illegible] time in the last 12 [illegible] unions [illegible] es on Burnham to out-vote the NUT, which opposes the settlement comprising a 6.9 per cent pay rise from April 1 last year, another 1.6 per cent from March 31 and further negotiations on a new teacher contract.

Yesterday the NUT was questioning whether Burnham could, according to the Remuneration of Teachers Act, deal with a settlement which referred to both pay and service condition matters. Service conditions are discussed separately at the non-statutory Clea-ST committee.

Sir John Wordie, independent chairman of Burnham, considered that the committee was able to discuss the settlement terms, which the employers would not support without the link between pay and service conditions.

However, the NUT made clear that it was considering seeking a High Court declaration on the matter.

The other issue threatening the pay agreement last night was the return to normal working. Many teachers say they are unwilling to resume what they consider to be voluntary activities boycotted during the dispute.

Even if both these problems were overcome, the pay deal could still founder when the Clea-ST committee, where the NUT may retain a majority, meets to consider it next Thursday.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Armstrong Equip	111	+ 8
Ashley (Laura)	232	+ 30
Berisford (S. & W.)	202	+ 10
Burgess Products	182	+ 11
Canning (W.)	100	+ 7
Cope Allman	288	+ 18
Cowie (T.)	145	+ 25
Crouch (D.)	156	+ 16
De Beers Defd	500	+ 25
Ford (Martin)	125	+ 22
Holt Lloyd	88	+ 6
Home Charm	390	+ 104
ICI	927	+ 10
Jacob (W. & R.)	110	+ 18
Jebsens Drilling	12	+ 4
Lloyds Bank	492	+ 7
McCorquodale	203	+ 28
Molins	174	+ 11
Newman Tonks	128	+ 11
Renishaw	316	+ 21
Richardson W'garth	29	+ 7
Stanley (A. G.)	81	+ 7
UKO Intl	196	+ 14
FALLS		
Exch 12pc 2013-17	£120½	− ⅞
Beatson Clark	186	− 12
Beecham	356	− 9
BP	530	− 13
Dewey Warren	125	− 38
McKechnie Bros	196	− 42
Williams Hldgs	506	− 14

WORLDWIDE WEATHER

UK today: Cold. Gales, snow in S; sleet or snow in E; dry elsewhere. Outlook: frost, snow in S, dry elsewhere.

		Y'day midday °C	°F			Y'day midday °C	°F			°C	°F			°C	°F
Ajaccio	F	15	59	Corfu	F	13	55	L Angt	Fg	14	57	Peking	S	2	35
Amsdm	S	1	34	Dallast	C	5	41	Luxmbg	C	−2	28	Perth	S	29	84
Athens	F	8	46	Dublin	S	3	37	Madeira	R	14	57	Prague	S	−7	19
				Dbrvnk	C	6	43	Madrid	F	12	54	Rykjvk	C	2	36
Bahrain	S	20	68	Ednbgh	Sn	2	36	Majorca	S	16	61	Rhodes	S	12	54
Barclna	C	14	57	Faro	F	16	61	Malta	C	16	61	Rio Jot		—	—
Belfast	S	4	39	Florence	C	3	37	Mchstr	S	3	37	Rome	C	7	45
Belgrd	C	−6	21	Frankft	S	1	34	Mx Ct		—	—				
Berlin	C	−4	25	Geneva	C	−1	30	Miamit	S	17	63	Salzbrg		—	—
Biarritz	S	17	63	Gibrltr	C	15	59	Milan	C	1	34	Sciscot	S	12	54
Bmghm	S	3	37	Glsgw	Sn	2	36	Montrlt	F	−13	9	Singapr	F	31	88
Blackpl	S	3	37	G'msey	Sl	0	32	Moscow	C	−5	23	Stiagot		—	—
Bombay	F	29	84	Helsinki	S	6	21	Munich	S	−6	21	Stckhm	S	−2	28
Bordx	F	12	54	H Kong	R	10	50	Nairobi	F	29	84	Strabg	Sn	−5	23
Boulgn	C	−1	30	Innsbrk	C	2	36	Naples	F	9	48	Tangier	C	17	63
Bristol	C	2	36	Invrnss	S	1	34	Nassau		—	—	Tenerife	R	16	61
Brussels	F	0	32	IoMan	F	4	39	Nwcstl	Sn	4	39	Tokyo	F	9	48
Budpst	S	−5	23	Istanbul	F	1	34	N Delhi	S	23	73	Trntot	C	−10	14
Cairo	F	18	64	Jersey	Sn	−1	30	N Yorkt	S	−6	21	Tunis	F	18	64
Cardiff	F	1	34	Joburg	F	26	79	Nice	C	10	50	Valencia	C	13	55
Cape T	S	23	73	L Plms	F	18	64	Nicosia	S	17	63	Venice	C	0	32
Chicgt	F	−11	12	Lisbon	C	12	54	Oporto	R	12	54	Vienna	S	−7	19
Cologne	S	2	36	Locarno	C	2	36	Oslo	S	−5	23	Warsaw	C	−3	27
Cpnhgn	S	−3	27	London	F	1	34	Paris	Sn	−2	28	Zurich	C	[illegible]	[illegible]

C—Cloudy. D—Drizzle. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder. † Noon GMT temperatures.

هكذا في الأصل

THE LEX COLUMN

The writing on the City wall

When the Government and the SIB issued invitations to join the statutory City, the Takeover Panel sent back the politest of refusals. The Panel believed that it could best serve the interests of the takeover industry by staying outside the statutory net. Only a couple of months later, that position looks hopelessly unrealistic. Merchant banks which once fought shy of the courtroom are now providing work for the entire Queen's bench.

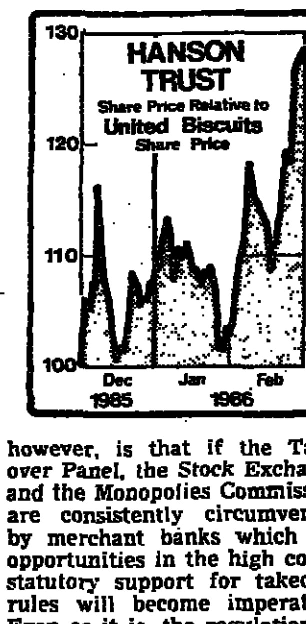
The Take-over Panel is not the only institution to see its authority under threat. Matthew Brown is seeking a judicial review of the Monopolies Commission judgment on the Scottish and Newcastle bid. Argyll is challenging the Department of Trade and Industry and the Monopolies Commission over the laying aside of the Guinness referral, the Rank Organisation is planning to haul the Independent Broadcasting Authority into the high court over the matter of Granada's franchise. Judicial reviews were almost unprecedented in takeover battles until this year. In the space of a few weeks, three have been sought.

Nor are judicial reviews the end of it. Yesterday Hanson Trust announced that it was issuing writs against Imperial as a result of a recent advertising campaign, while GEC is preparing a case against Plessey on the same grounds. Last, but not least, Argyll is seeking to have the underwriting arrangements between Guinness and Distillers overturned by the courts.

The Take-Over Panel can claim that, in almost all these instances, the issue in dispute lay outside its jurisdiction. The Stock Exchange came to a similar conclusion earlier this week over the complaints about United Biscuits' purchases of Imperial Group shares. At the very least, however, recourse to the courts is challenging the general principles of the Takeover Code. An offeror, the Code says, should only announce an offer when it has every reason to believe that it can and will continue to be able to implement it. If every takeover bid is to be kicked into court, no offerer can reasonably make that supposition and, in the case of Rank Organisation, the well-known resistance of the IBA to franchise transfers should have raised doubts about the implementation of the offer well in advance.

The more important point, however, is that if the Takeover Panel, the Stock Exchange and the Monopolies Commission are consistently circumvented by merchant banks which see opportunities in the high court, statutory support for takeover rules will become imperative. Even as it is, the regulation of takeover activity is degenerating into a state of utter confusion.

Index fell 4.1 to 1277.4



Lloyds Bank

Lloyds Bank has opened the clearing bank reporting season with results that set a fairly demanding standard. Profits after tax, the measure which Lloyds has regarded as the proper test, are 40 per cent higher than in 1984 at £331m, and the dividend has been increased by 19 per cent. As on other recent occasions, these are rates of progress that some of the others may find hard to match.

All the same, overseas lending has indeed produced some familiar sounding shocks. An overall pre-tax loss of £13m in Australasia and the Far East presumably conceals around £40m of losses in Hong Kong and Singapore, given the healthy profits in New Zealand; £49m of loss in the Middle East and Africa suggests that Lloyds has got badly singed by its off-balance sheet commitments in construction finance.

It is perhaps surprising that Lloyds has made no increase in its general provision against bad and doubtful debts since mid-year, given the increased fragility of Mexican loans. But this can be explained by its relatively high ratio of provisions to loans, which has been further improved by currency movements. After years when all UK banks were forced to see their capital ratios worsened by the translation effect of a rising dollar, they are now getting a free lift in the opposite direction; for a given deterioration in the dollar credit risk, less provision need be made.

For improvement in actual profit, however, Lloyds has had to look to its UK base, where it has been willing to grow the balance sheet quite rapidly, despite some difficult areas. Mortgage lending, a critical area of business for such a large estate agent, could generate only half the average margin that it produced in 1984. Even the UK is becoming seriously competitive, yet with an overseas recovery to match reasonable domestic progress, Lloyds could make £660m before tax this year; and on that basis the current price of 492p may leave the shares at something of a discount.

Markets

There is no such thing as a thoroughgoing bad day in the London equity market at present. Even renewed weakness of the crude oil price, following through into shaky sterling and stiffer money market rates, could not stop the fun completely. Having spent much of the week trying to shake out stock by marking equities lower in the morning, with signal lack of ability to stop the market rising for the rest of the day, the jobbers must have been pleasantly surprised yesterday to see the nearest thing to a spontaneous burst of selling.

But even that did not last for long. Whatever the justification for caution, the mental set of institutional investors at present is generally one in which they are looking for chances to buy something. Signs that the takeover machine is suffering from metal fatigue—in the overstretched balance sheets of some participants, and the creaking regulatory consensus—have yet to stop the torrent of deals, still less the market's appetite for them.

No doubt the takeover activity will boil over, and take some of the heat out of equities. But even if that leads to a more severe relapse than last November's, which was in percentage terms only a single figure fall, the balance of power is with those who believe that the indices would be able to recover the lost ground, given the strength of the underlying corporate assets.

BROWN SHIPLEY
—GERMAN FUND—

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We're bullish about the economy

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And we're bullish about the Mark

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But the Fund has the ability to invest in bonds as well as a broad spectrum of equities in order to make the most of any opportunities in the market.

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GENERAL INFORMATION
Naturally, the characteristics of the German market, and the nature of the growth shares chosen for the portfolio, mean that the yield is low. At the offer price of 31.2p as at 27.2.86, the estimated gross yield is not expected to exceed 2% gross per annum.
Applications will be acknowledged by contract note and unit certificates will be issued within 6 weeks.
Units may be sold back at any time at the bid price ruling. Payment will normally be made within 10 working days, from receipt of your renounced certificate.
The Managers include in the calculation of the offer price of the units an initial service charge of 5%. An annual charge currently of 1% plus V.A.T. on the value of the fund is deducted from the Trust's income. The Trust Deed permits a maximum annual charge of 2½%, but any increases in the prevailing rate will be subject to 3 months notice to unit holders. These charges cover administration expenses, including Trustee fees and agent's commission.
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(minimum £250) in Units of the Brown Shipley German Fund at the offer price ruling on receipt of this application.
I/We enclose a cheque payable to Brown Shipley.
For details of Regular Savings Scheme linked to this fund (Min. of £20 per month) tick box ☐.
In case of joint applications all must sign and provide names and addresses on a separate sheet.
Block Letters Please (Please state Mr, Mrs, Miss or Title).
Forenames ____
Surname ____
Address ____
Signature ____
Date ____
FT1/3

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Saturday March 1 1986

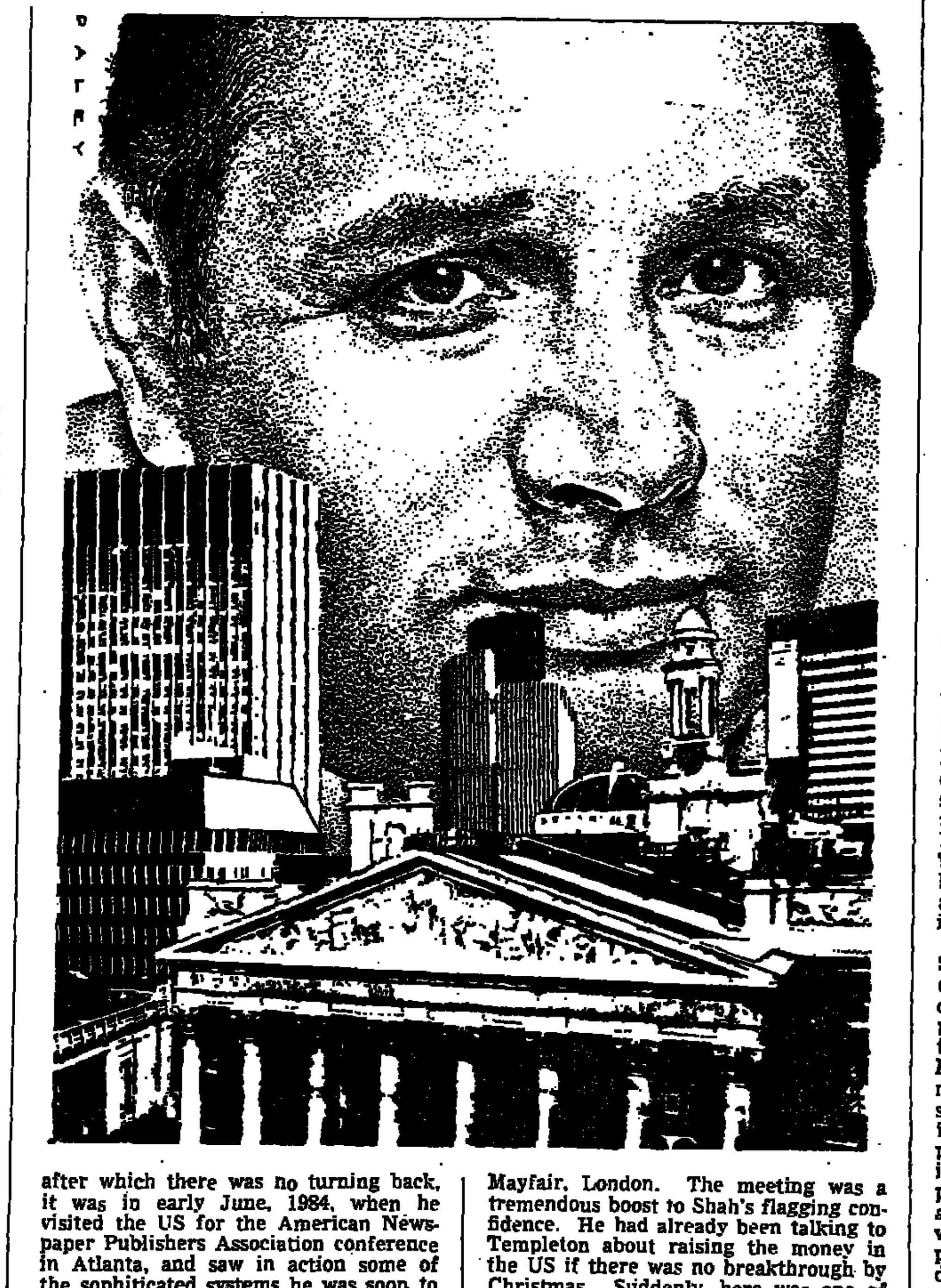
WEEKEND FT

Saturday March 1 1986

• MARKETS • FINANCE & THE FAMILY • PROPERTY • TRAVEL • MOTORING • DIVERSIONS • HOW TO SPEND IT • BOOKS • ARTS • TV •

Shah's secret year

On Tuesday, Britain is due to see a revolutionary new daily newspaper. But raising the finance took owner Eddie Shah 12 frustrating months. David Goodhart and Patrick Wintour reveal how it was done.



IN THE middle of December, 1983, Eddie Shah was ready to drop. He had spent five gruelling months at the centre of an often-violent dispute with *the National Graphical Association*, one of the country's major print unions, over his plans to loosen the closed shop at his weekly Messenger newspaper group based near Manchester. The dispute had turned nasty at the end of October but Shah, in spite of an impulsive and volatile nature remained in a trance-like state of calm determination as industrial warfare raged outside his office windows.

Then, on December 14, the Trades Union Congress decided not to support the NGA's plans to escalate its challenge to Shah and the Government's trade union laws. It was the final blow to the union. And when Shah realised he had won, he suddenly cracked. "I *remember* I was sitting at my desk and it suddenly hit me — we've actually done it, we've come through — and I just started *shaking uncontrollably. Someone came* in and they thought I was having a heart attack," he recalls.

As he slowly regained his composure, he realised his life had been changed permanently. For one thing, he had been exhilarated by his brief taste of being in the big time as a newsmaker. For another, he had become fascinated by the *high politics of* the newspaper industry. Finally, as his friend and accountant, Ian Templeton, puts it: "*The* dispute revealed that he had got a lot more in him than he thought." Shah had always been strong on ideas and "communication," less good at application.

Shah began daydreaming and early in January 1984 he began toy*ing with the idea of launching a national* newspaper. Because of his experience with giveaway papers, the logical step after Warrington would have been a free daily in Manchester. He considered that, but *was attracted more by the romance* of going national with a high-technology publication produced without the traditional print unions. After all, wasn't bypassing a bloated and lethargic Fleet Street one of the last great entrepreneurial challenges left in Britain in the latter part of the 20th century?

Surprisingly few people contacted Shah during the Messenger dispute, considering its traumatic effect on the industry, but three men who did were to play a crucial role in what followed. One was *Andrew Neil, who had then been* editor of Rupert Murdoch's Sunday Times for only about six months (and is now a figurehead of Murdoch's Wapping mimicry of Shah).

Neil saw the Messenger story as a classic example of the abuse of print union power in an industry plagued by it for decades, and had spoken to Shah several times by telephone during the violent picketing outside the Warrington plant. He even alerted the Home Secretary, then Leon Brittan, on Shah's behalf.

Shah's plan for the national paper was still just a notion until a crucial meeting with Neil in London's Savoy Hotel on February 7, 1984. During it, Shah confided that he had found it difficult to slot back into Messenger life and wondered aloud what his next step should be. Neil's suggestion was just what Shah wanted to hear. He said: "I don't know *how rich you are or whether you could* raise the money, but what needs to be done is what you have just done at Messenger—only this time to Fleet Street."

It might have been an idea whose time had come but the fact is that in February 1984 — just as the miners' strike was gathering momentum — Shah peered over the edge of a gaping credibility gap. At a time when the impact of the Government's trade union laws had not yet sunk in properly, the idea of a non-union national paper was still met with the stock response that the unions would crush it. And if it *was* possible, then surely *someone* bigger than Shah would have tried it already? Shah's reputation *as the victor of Warrington* was a strength and a selling point — but it was also a weakness. He was a dangerous fellow.

Nevertheless, half an hour after that meeting with Neil, Shah knew it was possible. "I'm part Eastern, you see, and that gives me great faith. If something is meant to be, then it will," he says. He now needed quickly to find a reliable nucleus of consultants to help fill the *large gaps in his knowledge and* experience, raise several million pounds for what was bound to appear a highly risky venture, start thinking of buying a whole *new generation of* newspaper equipment, find premises, and even think of hiring staff.

The next crucial confidant was Lord Harris of Greenwich, the SDP peer and former Labour MP who had met Shah for the first time only in November, 1983 when he started to take an interest in the dispute. Harris, a former adviser to Hugh Gaitskell and Roy Jenkins who ran Labour's publicity department from 1962-1964 and joined the SDP ten years later, warmed to Shah and his cause at once. He joined the Messenger board in January, 1984 and was soon to find an important role smoothing Shah's passage into parts of the London establishment.

If Harris can be seen as the mildly *left-of-centre conscience of the new* paper, the third key figure, Norris McWhirter, provides a blast from the libertarian Right. However, McWhirter, editor of the Guinness Book of Records and chairman of the right-wing Freedom Association, was to play a more back*ground* role.

Shah had *no* idea how to go about a fund-raising exercise such as this. "At the beginning, we literally thought: 'Who's got so much money they wouldn't mind having a little flutter *on* a good idea like ours?' We read the papers, racked our brains and flicked the pages of Who's Who." Towards the end of March 1984 he did the obvious thing and visited his bank manager, Peter Sanderson, at Lloyds regional headquarters in Manchester. Sanderson referred him to the group's merchant bank, Lloyds Bank International, merchant banks being the traditional co-ordinators of money-raising on this scale.

The first serious finance meeting came in April when Shah got together with Richard Fortin, a director, and Derek Ablett, a senior assistant director, at LBI. "They were rather pompous," Shah remembers. "It was all 'Well, we can see the advantages but, but,'" Templeton, *however, recalls that they suggested* a full report on the Messenger group and the national paper scheme by a firm of accountants with no existing newspaper commitments. The firm was Thomson McLintock and its report established £8.5m as the equity capital target to be raised for the new company — with another £10m for the presses and other equipment to be raised through conventional hire purchase and loan agreements.

The report also made clear that Shah had already decided not to distribute in Scotland, initially at least — and was in fact aiming for less than 70 per cent of England and Wales. The circulation estimate, which had by then risen to just *under 700,000, now appears extremely* pessimistic and has indeed been revised upwards to 1.2m, but the profit calculation of £13m out of an annual revenue of about £50m was still remarkable for a new national newspaper.

The explanation can be found in Thomson McLintock's dry summary of the project. "Advertising and editorial content of the newspapers will be prepared by the use of 'state of the art,' electronic integrated text, graphics and photographic handling systems will be transmitted simultaneously to four regional print centres. The whole organisation will be staffed at levels and cost appropriate to the optimum use of the technology available and without regard to *existing custom and practice within* the newspaper industry. Total number of employees is projected at 487."

Thomson McLintock's report on Messenger made for less exciting reading and the men from LBI started to get cold feet. They were now advising that money could not be raised directly from investors but pushed the *idea of a flotation of Messenger* on the stock market. Meanwhile David Sainsbury, the supermarket empire's SDP supporter, had responded with a firm "no" to Harris's tentative fund-raising inquiry. But Harris had also been introducing Shah to a few more people who might be useful. Graham Dowson, *the former* chief executive of the Rank Organisation who left after a boardroom row in 1974, analysed Shah's figures and advised him to look to the venture capital markets.

If there was a point in Shah's mind after which there was no turning back, it was in early June, 1984, when he visited the US for the American Newspaper Publishers Association conference in Atlanta, and saw in action some of *the sophiticated systems he was soon to* buy.

In mid-September, Shah visited McWhirter for the first time at his home in Wiltshire. In retrospect, it probably qualifies as the single most important meeting *of the* "secret year." McWhirter had heard vaguely of Shah's plans but he now received a full rundown from him and also heard of his disillusion with the traditional *money-raising* channels. "*I asked him who are the men with* nerve and he told me to try Lord Taylor and Lord Forte," recalls Shah. McWhirter offered to write to both men—Frank Taylor, president of Taylor Woodrow, the construction group, he knew through the Freedom Association and *Charles Forte, chairman of Trust House* Forte (THF), the largest hotel and catering group in the world, was an old acquaintance.

On the morning of October 8 Shah visited the 80-year-old Lord Taylor in Mayfair, London. The meeting was a tremendous boost to Shah's flagging confidence. He had already been talking to Templeton about raising the money in the US if there was no breakthrough by *Christmas. Suddenly, here was one of* Britain's top industrialists shaking him warmly by the hand and showing immediate enthusiasm for the plan. Taylor is well-known for his staunch right-wing politics and his antipathy to unions. Shah's image naturally appealed to him and *he said he would look closely at the* figures and ask his board about the possibility of an investment.

Meanwhile, Shah visited three more merchant banks — Baring Brothers, S. G. Warburg and Hambros — and two venture capital groups, Candover Investments and Electra. He was also keen to attract investment from at least one other newspaper group — both to use its experience and because support from *within the industry would be reassuring* to outside investors. Obviously, it could not be a rival national paper group, but the two technological pace-makers in *the provincial* press, the *Wolverhampton* Express and Star and the Portsmouth *and Sunderland newspaper groups* (PSN) —both medium-sized, old family businesses — were interested in joining Shah. Early in October he rang Sir Richard Storey, chairman of PSN. "I was hugely intrigued," says Storey, "and we gave a tentative yes, but we wanted *to know more about the proposed con*tent of the paper and the other backers. We worried that it could look like some fascist mob out to smash the unions."

On October 25, Shah lost faith in LBI. He left a meeting with Fortin and said to Templeton, "OK, let's do it ourselves, then." *Shah had discussed with Tem*pleton, Harris, Dowson and others the possibility of cutting out the middle man and going straight to companies which might invest in him. "I just decided to go 'on the road' with Ian," says Shah.

As time went on, the search for sup*port was leading Shah and Templeton to* look, in Templeton's words, "for organisations that were quite tightly controlled — without lines of middle management to wade through." British and Commonwealth (Bricom) fitted the bill perfectly. The financial services and transport group — the leading corporate supporter of the Tory Party — is effectively run by about four men. One was Neil Forster, the managing direc*tor; he was immediately impressed:* "We thought his (Shah's) presentation was well done and excellently researched." He adds that although they knew it would be a risk project they were attracted because "it was a just cause and about time that sanity prevailed in the industry."

Shah's star finally appeared to be in the ascendancy. *The day after the meeting with Forster* on November 1, Shah had his first formal meeting with Lord Forte at the Grosvenor House Hotel, one of the 800 THF owns worldwide. He spent 45 minutes chatting to the intense, 77-year-old, Italian-born tycoon. Forte, *probably seeing in Shah* some of his own youthful spirit, reminisced about how he had built up his company from a single milk bar *in* Upper Regent Street in 1935.

A few days later — through Forte — Shah met Sir William Rees-Mogg, 57, editor of The Times 1967-81, who is *now* chairman of Sidgwick and Jackson, a publishing subsidiary of THF, and an informal consultant to Forte. Beneath *Rees-Mogg's donnish country gentleman's* manner is a meticulous mind—which has spent much of the past 25 years thinking about the problems of national newspapers. Shah knew he was facing an important test. Rees-Mogg was impressed. "I thought he had a good grasp *and a good technical knowledge, and* while he obviously has a lot of entrepreneurial energy he was not a dangerous enthusiast. The figures looked good."

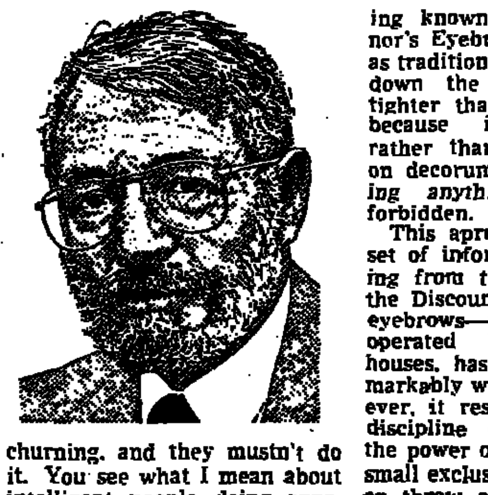
Shah had passed the examination and gained a crucial adviser to whom other investors — such as Forster — were directed for a detached, but positive, appraisal. He now felt he was in the home straight of the financial quest — but first came six tense weeks veering between optimism and deepest gloom. The yo-yo began on an up with Taylor, Bricom and THF all very interested. John Menzies, chairman of the newsagents and wholesalers group, who had been introduced by Dowson, was also *inquisitive. A week later, however, bad* news sent Shah's spirits plummeting. He had just returned from a presentation to the Duke of Westminster at his home Eaton Hall in Cheshire, when a call came through to the Warrington office from Lord Taylor who, almost apologetic, said it had been decided that Taylor Wood

Continued Page VIII

The Long View

How raised eyebrows still rule the City

Draft rules from the Securities and Investment Board may be a major advance in investor protection; but in practice they will be hard to enforce, except by traditional City self-regulation, says Anthony Harris.



WHEN HIGHLY intelligent people do apparently silly things, there is nearly always a good explanation; so it is worth brooding *about why the* Securities and Investment Board has produced a set of draft rules covering conflicts of interest, some of which seem more likely to inspire satire than respect. The rule against churning is a good example.

Churning, as I am sure you are aware, is the practice of persuading clients to do deals whose only merit *is that they* generate commission. At its simplest, an investment manager who has discretion will simply switch all his ICI-holding clients into BTR, and vice versa.

These are both fine companies, and *no client* involved is likely to query the trade—unless you put the circulars explaining the switch into the wrong envelopes, as is said to have happened on one occasion. If you manage it right, there is no need to trouble the Stock Exchange with these transactions at all, since you deal only with the shares you manage—and thus get the benefit *not* only of the commission, but of the market-maker's spread, too. All totally deplorable, of course, but until recently, desperately hard to prove.

In these days of computers with long memories, such transactions could, in principle, be traced.

However, this is not a matter of clear cases, but of indeterminate gradations. At one extreme you have the in-house swap, at the other you have simple over-enthusiasm by equity salesmen, *who talk clients into deals which* it would be hard to justify with hindsight. Is this churning, or just bad judgment? And need anybody care? The honest dunderhead will lose his clients more money than the sharp practitioner with *a sharp mind.* He may be after short-term commission income, but he also knows that he has a long-term interest in satisfied clients, and does his best even if it is not always an entirely honest best.

*The Securities and Invest*ments Board, however, has to care, because it is in the business of establishing a code of conduct to protect clients. The result is the strange anti-churning rule published in draft this week.

Churning, the SIB concludes with an almost audible sigh, is not only hard to prove but difficult to define. However, churners know when they are churning, and they mustn't do it. You see what I mean about intelligent people doing apparently *silly things; this looks* like self-regulation reduced to the level of the individual dealer.

City veterans, however, are likely to regard rules of this kind not as an example of legal naivety (just imagine trying to sue a broker for an offence which the authorities cannot even define), but as simply the British way of doing things—the whole system of City policing known broadly as Governor's Eyebrows. *Self-regulation*, as traditionalists have explained down the years, is actually tighter than a legalistic code, because it sets standards rather than rules, and insists on decorum rather than allow*ing anything* not expressly forbidden.

This aproach, enforced by a set of informal sanctions rang*ing from the icy interview in* the Discount Office—the raised eyebrows—to quiet blacklists operated by the accepting houses, has indeed worked remarkably well in the past. However, it rested on the implicit discipline of the blackball—the power of the members of a small exclusive club to keep out or throw out undesirables, or so "*disoblige*" *anyone* who was merely suspect as to make him wish he was dead. That approach will work much less well when the club is not so much like the Beefsteak as the RAC—impressive, well-equipped, but not *exclusive*.

Note, too, that the protection provided for the private client and the small investor was largely incidental. The City code basically protected a way of doing business by word of mouth. Now the kind of people who can be trusted to stand by a verbal deal on which they may have lost millions can also be trusted in smaller matters—certainly as long as they were *financially* sound. *Equally*, a broker who was making his cartelised millions on institutional business would hardly stoop to petty malpractices. Let me have men about me that are fat, as Caesar rightly said.

In the first brave rush toward the new dergeulated world, both the Government and the Bank *seem to have hoped that* the City's traditional approach would still work very well. The painful correction now in progress, the rule-drafting and the argument, are a slow admission that you cannot keep all the advantages of a *cartel if you* abolish the cartel.

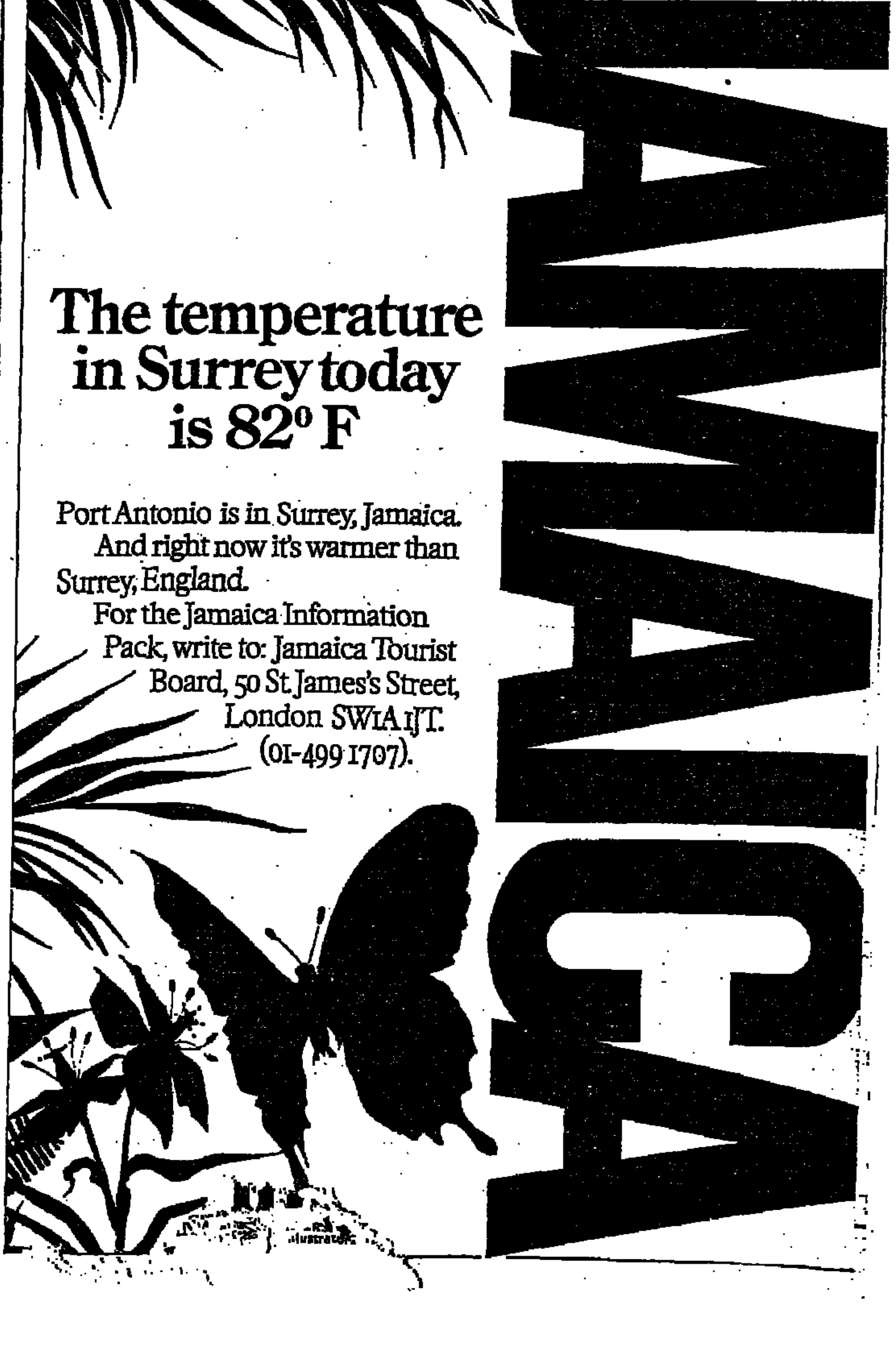
It is the shortage of fat men which is the real problem. When fixed commissions are gone, the City men wil lhave to turn increasingly towards fee-generating activities — "bought deals" in the jargon —and to small private clients for its income; and misbehaving towards private clients, which it is both deplorable and *short-sighted, is not a direct* threat to the City's own system of doing business.

The new rules are in principle quite a major advance in investor protection. The kind of laxity which permitted dustbin trusts to operae in the past, or IOS salesmen to travel round the country, will be gone. It is still far from certain, *though, as the churning* problem shows, that the protection will in all cases be tighter in practice. The fingerprints of the wrongdoer may be there in some central computer, but somebody still has to decide them.

It is already becoming clear, ten, that the new world will *require far more quasi-legal* rules, and far more expense on enforcement, than once was hoped. There is one more change, though, that is not yet being faced—not in public, anyway. I feel sure that in the end we *will also have to raise* standards of disclosure, and sharply.

The *great unsung merit of the* City informal system of self-discipline was that all skeletons could safely be kept locked in Bank of England cupboards. The eyebrows would deal with the problem, and the City's *reputation would be* undisturbed. The bigger the system, though, the greater the need for public scrutiny by all sorts of uncomfortable people like credit-rating agencies and muckraking journalists. When this issue is faced, I will believe that thet authorities are fully alive to what they have wrought —but not until then.

• CONTENTS •



Why the share price party isn't over yet

SOMEWHAT like a row of King Canutes, a large number of market commentators in the City are saying that equities look expensive on grounds of yields and earnings multiples and against the gilt market, despite the strong rise in Government stocks.

Yet share prices keep right on rising. It is tempting to suggest that the trend lacks reasons, but has become self-feeding with the help of aggressive US buying, which at times has taken control of the market out of the jobbers' hands, leaving them short of stock.

From the vantage point of *New York, London prices may* look an attractive proposition against holding depreciating dollars, and US broking houses have the power to push the market their way simply by the weight of their own buying — note the way ICI took off on Monday.

And in a rising market — no matter why it is climbing — it is a brave fund manager who goes liquid. Indeed some who are cautious in private have felt it incumbent to keep on buying rather than run the risk of staying away from the party.

So, the cautious soothsayers pronounce, *the recent spurt in prices actually has a rather* fragile base that could be undermined by something as straightforward as a heavy spate of rights issues with the looming results season. Certainly record share prices may be irresistible to a few finance *directors while there is a £300m* call on Cable & Wireless early this month and a further £1.2bn due for Telecom at the beginning of April, to chip away at institutional liquidity.

After such a sudden rise in prices some setback might almost seem a natural course for the market to take. The All-Share Index is already standing at levels that most analysts thought could not be achieved until much later in the year. However, far from heralding a more subdued market voices can be heard suggesting that the setback will only be temporary—at least one of the bearish analysts has braved a U-turn and is now forecasting 800 for the All-Share this year.

When ICI's shares were changing hands around 630p some six months ago the fall in the price looked overplayed. Though not many in the market then would have predicted that the price would fight its way right back to over 900p in such a short space of time, especially as the full year figures for 1985 could show nothing but a shortfall in pre-tax profits.

This week ICI showed its hand. The pre-tax line had dipped from £1.03bn to £912m with the final quarter coming in £59m below the comparable period at £195m. Currency movements depressed the full year figures by between £50m to £70m against a £100m benefit within the *1984 results.*

The profits actually came in a touch ahead of most expectations but there was little in the statement to get excited about in London. City analysts are nevertheless holding their breath over the weekend.

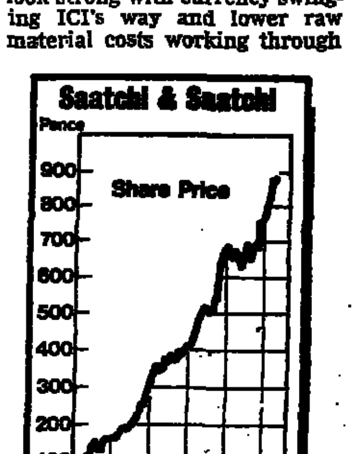
At *the moment London* brokers are forecasting around £1bn pre-tax for 1986. In New York the figure is £1.2bn. That discrepancy is too wide to last for long and at some point the forecasts must converge. The

London

question is, where? On Monday and Tuesday the UK management will be doing the rounds of US analysts and what happens next to ICI's share price should be determined by what happens there.

Buying orders from the other side of the Atlantic have been hitting London fast and furious over the past couple of weeks and the amount of equity held in ADR form may have risen to 15 to 16 per cent, compared to 13½ per cent the Monday before last. Obviously New York thinks it has the projections right.

Indeed, if everything went ICI's way this year profits might well climb to over £1bn. The first quarter will undoubtedly look strong with currency swinging ICI's way and lower raw material costs working through



while selling prices remaining firm. The latter point is un*likely to be sustained, however.* When input costs fall, customers at the other end of the pipeline usually want their cut eventually and by the spring pressures could be on ICI's selling prices.

While the chemical giant's results were fairly much as anticipated, Vickers managed to deliver a pleasant surprise earlier in the week. Full year profits jumped by 46 per cent to £45.1m pre-tax and the dividend total was lifted by 3p to 13p. There was perhaps only one disappointment; marine engineering produced a small *dip in profits from £6m to* £4.5m under the weight of pre-production costs on three product launches.

This year it is hard to see Rolls-Royce Motors repeating last year's rise from £14.1m to £17.2m but nevertheless a modest rise to £18m or so looks possible. The lithographic plates busines looks more interesting as it should benefit from the changing technology within Fleet Street—or to be more accurate somewhere outside the famous street.

Business equipment should progress well, marine looks set to recover and profits from defence-related orders should be stronger. Finally there will be further interest savings following last year's halving in borrowing from £64m to £32m.

There will not be any contri*bution from associates*—since departed—but profits could get to around £55m where the p/e, after a 28 per cent tax charge, drops to 9½ while the yield could rise to over 5 per cent, assuming a 15p total. That is *not an expensive rating for a* company growing as fast as Vickers.

Saatchi & Saatchi has been busy expanding its empire. This week it announced a complicated deal with Dancer Fitzgerald Sample, the 13th largest advertising agency in the US, whereby Saatchi's subsidiary, Dorland, can buy full control for $75m (£51m).

It is a highly significant move for Saatchi. Dorland and DFC have worked together for a number of years but both lacked a full international dimension. Yet together they will have combined billings of $1.2bn, making them the 16th largest agency in the world. Saatchi then achieves its goal of having two international agencies under its umbrella in strong competition making it easier to handle conflicting accounts.

The market understandably warmed to the deal, pushing the shares some 30p higher than the 855p at which they started the week. Because Saatchi does not have full control from day one, but an option on full control, it may not be able to consolidate DFS's profits yet. Even so, the return it will receive on the $75m it has loaned to the US executives to buy the company (we said it was complicated) should improve earnings per share until the option is triggered.

Assuming for the moment that DFS is not consolidated, profits this year could come out *around £56m to £57m, indicat*ing a prospective multiple of around 16 — not high by the standards of the sector.

Terry Garrett

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1985/86 High	1985/86 Low	
FT Govt Securities Index	85.43	+ 1.29	85.55	78.02	UK interest rate attractions
FT Ordinary Index	1,277.4	+21.4	1,281.5	911.0	Optimistic economic forecasts
Baird (William)	530	+70	560	327	Dawson International bid speculation
Berisford (S. and W.)	202	+46	202	132	Ferruzzi bid approach
Biddle Holdings	185	+37	205	140	Takeover approach
Bramall (C. D.)	260	+32	260	125	Bid speculation
British Telecom	204	+18	207	143½	Brokers' "buy" recommendations
Country Gntlmn's Assocn	790	+240	800	480	Bid from Bestwood
Cowie (T.)	145	+46	153	40	Bumper preliminary results
Ford (Martin)	125	+26	125	25	Awaiting moves in bid approaches
Geevor Tin	72	+12	250	46	RTZ/Gencor stakes change hands
Granada	264	−28	312	148	IBA blocks Rank Organisation bid
Jebsens Drilling	12	− 4	155	8	Sharply increased loss
McCorquodale	203	+38	205	130	Norton Opax bid rumours
North Broken Hill	110	−14	154	98	IEP ordered to sell 6.5 per cent holding
Photax (London)	90	+27	90	36	Clayhithe increases stake to 26 per cent
Rustenburg Platinum	770	+85	805	430	Switching from Impala
STC.	122	+18	289	72	Talk of bid from BTR
UKO International	196	+33	201	95	Bid from Suter
Vickers	413	+43	413	212	Satisfactory annual results

DTI lifts unit trust 25% rule

THE BEGINNING of 1986 has seen an unexpected upsurge in the number of managed funds *specialising in the USM.*

Until a few weeks ago the opportunities for small shareholders to spread their risk across the USM were limited to one investment trust and one unit trust. Then, at the end of January a new investment trust called The Throgmorton USM Trust was set up to specialise in the market.

Now comes an announcement from the Department of Trade and Industry that authorised unit trusts are to be freed from *the 25 per cent limitation on* the proportion of their funds which they may invest in the USM, so opening the way for setting up unit trusts specialising in the USM.

However, the Department recognises that the risks inherent in USM investment are greater than those in the main market, and unit trusts specialising in the USM will be obliged to draw attention to these greater risks in their promotional material.

Pressure for a relaxation of the rules came from several quarters, but one of the main proponents has been Guinness Mahon Fund Managers.

Last year Guinness Mahon took over Temple Bar Fund Managers which had been running a specialist USM unit trust since July 1982. This fund's USM investments exceeded the *25 per cent limit,* so it was unauthorised. Consequently it could only market itself to tax-exempt investors—basically, pension funds and charities.

Guinness Mahon now wants to turn Temple Bar Unlisted Securities Exempt Fund into an authorised trust to widen its appeal and increase its size.

The only other unit trust at present specialising in the USM is Britannia's Unlisted Securities Market Fund, which has circumvented the 25 per cent rule by basing itself in the Channel Islands.

It has not been a spectacular performer since it was set up *in November 1981. Although it managed to keep broadly in line* with the USM index, the junior market has markedly underperformed the main one over this period so the trust's performance relative to the FT-Actuaries All-Share index has not been impressive.

The USM's underperformance of the main market has similarly affected the First Charlotte Assets Trust, the only investment trust to specialise in the USM before The Throgmorton USM Trust's recent arrival.

The Temple Bar Unlisted Securities Exempt Fund, how-

USM

UNLISTED SECURITIES MARKET

ever, has performed remarkably well over the last 3½ years, outperforming not just the USM index but the main market too.

Mr Peter Knapton, the fund's investment manager, attributes its success to two main factors: avoiding the ill-starred oils and electronics sectors, and the depth of its research into investment opportunities.

"Our view is that the right opportunities are not necessarily to be found in the most fashionable sectors," Mr Knapton says. "We believe in investing in fundamentals. We have tended to avoid the popular issues in *favour of more mundane* businesses with sustainable growth rates and realistic ratings."

It may seem surprising that the fund managers have been so reticent about their achievement, but as Mr Knapton explains: "There never seemed to be much point in shouting about our successes from the rooftops because the status of the fund meant that there was no medium through which shareholders could invest in it."

Guinness Mahon has not yet gone through all the legal procedures necessary to convert the trust into an authorised one, *but if and when the transfor*mation occurs, it will begin to market the fund more widely. Private investors, however, are unlikely to be targeted as potential clients.

This is because there is an essential difference between investment trusts and unit trusts. If shareholders want to pull out of an investment trust, they sell their shares to someone else and the trust's portfolio is not affected. If unit trust holders want to sell, however, the trust has to redeem their units, and unless it has more buyers than sellers, it has to sell part of its portfolio to meet the cost.

In the main market this may not be a problem. The USM, however, is notorious for its lack of liquidity, so if a unit trust suddenly finds itself having to sell, the only shares for which it is *likely* to find a ready market are those which it least wants to lose — the best ones.

For this reason Mr Knapton stresses that Guinness Mahon's fund will be aimed only at professional and institutional investors who can be relied on to take a long-term view.

Nor does it seem likely that a flood of USM unit trusts is imminent. Mr Stuart MacDonald, manager of Britannia's USM trust, says: "I don't think investor sentiment towards the USM is the same today as it was *when the market was first set* up. European trusts and business expansion schemes are more in favour at the moment."

Richard Tomkins

Banks bounce back

GOOD RESULTS from **LLOYDS** yesterday pushed the reporting season of the big four clearing banks off to a strong start. The other three, which bring out their 1985 results next week, are expected to maintain that momentum.

Once again, all three should announce encouraging profits from domestic banking. The volume of lending to the personal sector and to small business is still rising, while *mortgage lending, on* which margins were squeezed during the first half as a result of *rising* interest rates, should have been much more profitable during the second half of the year. Again, recent efforts to control costs should be clearly reflected in the results.

Internationally, the banks are doing better in retail lending than in wholesale banking, which is still fiercely competitive. The fall in sterling will have affected the translation of overseas profits—although this will weigh more heavily on Midland and NatWest than on Barclays, which uses average exchange rates. Meanwhile bad *debts continue to be as serious* a problem, with bad debt provisions of about half of pre-tax profits generally expected.

NatWest, which reports on Tuesday, should repair some of the damage caused by a disappointing set of interim results. The City is expecting a total of £765m (£671m) after bad debt provisions of about £300m.

Midland, which brings out its results on Wednesday, will show the most marked improvement of the four from £135m to £340m. This year bad debt *provisions from* Crocker, the Californian subsidiary sold since year end, should be only *£70m,* compared to £456m last year. Excluding Crocker, the general level of bad debts may be higher, with some extra provisions likely against its large Mexican exposure.

Some of the cream will be licked off Barclays' profits—due on Thursday—by the shift to using equity accounting for its South African subsidiary. Nevertheless, Barclays will remain the largest of the big four in terms of profits, with most in the City expecting £860m (£623m restated for 1984), after bad debts of about £450m.

That **STC** is struggling is common knowledge and in September the electronics group

Results due next week

called in business and financial consultants for a review of what was going wrong. Shortly before this the chairman, Sir Kenneth Corfield, resigned as chairman and chief executive.

None of this is conducive to optimism and the City will therefore not be expecting much more than £55m pre-tax profits for 1985 in next Friday's preliminary announcement.

Such has been the gloom surrounding STC that analysts have been debating just how long the group can survive in its present form. The interest will therefore be on the below the line elements in this and next year's figures as closure and other extraordinary costs bite deep.

In the first half the old ICL company, now the leading component in the computers and office equipment division, was a strong performer. Its Series 39 *mainframes* (a joint production effort with Fujitsu) were selling well and the outlook was for the new machines to overtake the older 2900 series in the second half.

*However, telecommunica*tions had a very uphappy first half and the problems are not thought to have gone away. A decline in international communications, consisting mainly of software for airlines and undersea cable activities, is also expected.

Finally the components manufacturing and distribution division, sharply down in the *first half, is forecast to be much* down on last year's £24m level.

At the beginning of 1985 forecasters were talking in terms of £140m to £160m in annual profits for **CADBURY SCHWEPPES.** The picture now looks very different and few in the City are expecting the company to produce much more than £90m for the year to December on Thursday compared with £124m in 1984.

The reasons for the downturn are mainly to be found in North America where overstocking has produced a cut in demand *on Cadbury's factories. Rising* interest charges will also have helped turn the previous year's £40m profits into a heavy pre-tax loss.

Most of the UK and European businesses should have in other regions the strong pound is likely to have set the with a probable £10m of losses on currency translation.

Last week's results from Royal Insurance showed that the insurance market is recovering strongly in the US and to a lesser extent in the UK. The results due on Wednesday from the other two major US-orientated composites **COMMERCIAL UNION** and **GENERAL ACCIDENT** should confirm this picture, at least from the US.

CU was the insurance group hardest hit by the recent worldwide insurance problems and nosedived into the red in 1984. The market is expecting the group to squeeze back into the black with a pre-tax profit in the £5m-£10m range. Its underwriting losses could be cut by a quarter to around £315m with strong recoveries in both the US and UK. But investment income is also expected to fall over 10 per cent to around £240m due to lower cash flow *and buying reinsurance in the* US.

GA, which scraped a profit in 1984, should record a pre-tax profit of about £30m. Although its US operations should see a significant drop in underwriting losses, the UK is likely to see losses rise slightly to £79m — the better results in most classes of business swamped by the poor performance on the major motor account, the problem area for UK insurance.

However, shareholders in GA can look forward to yet another dividend rise, possible 10 per cent to 22p net. But CU shareholders can expect an unchanged dividend of 11.8p net — a dividend level received throughout the problem years.

Among the other major companies announcing full year results next week are **BSR** and **FISONS** on Tuesday, and **TI GROUP** and **LEX SERVICE** on Thursday.

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
Alliance Trust	Friday	5.0	12.25	6.0
Barclays Bank	Thursday	12.5	13.5	—
Biomechanics International	Thursday	—	—	—
Blagden Industries	Tuesday	3.5	3.7	3.5
Braime, T. F. and J. W.	Monday	1.5	1.5	1.5
British Vita	Monday	3.0	3.2	3.3
BSR International	Tuesday	0.385	1.295	0.385
Cadbury Schweppes	Thursday	1.6	4.3	1.6
Commercial Union	Wednesday	4.85	6.95	4.85
Coroh	Thursday	1.6	2.4	1.6
Delaney Group	Thursday	0.8	1.4	0.8
Family Investment Trust	Wednesday	2.6	4.4	2.875
Fife Indmer	Thursday	0.75	2.75	0.75
Fisons	Tuesday	1.8	2.7	2.18
Fleming Mercantile Inv. Trust	Tuesday	0.72	2.28	1.25
General Accident Fire and Life Assur.	Thursday	8.0	12.0	8.0
Heywood Williams	Wednesday	2.2	3.8	2.42
Johnstone's Paints	Tuesday	1.765	2.235	1.765
Lex Service	Thursday	4.1	6.5	4.1
Microvitec	*Monday*	—	0.75	—
Midland Bank	Wednesday	11.0	14.5	11.0
National Westminster Bank	Tuesday	12.0	16.34	10.0
Nineteen Twenty-Eight Inv. Trust	Tuesday	2.0	1.5	1.5
Provident Financial Group	Tuesday	3.5	7.0	4.0
SPP	Thursday	—	—	—
Stat-Plus Group	Tuesday	0.5	1.5	1.0
STC	Friday	3.25	5.75	—
Tavener Rutledge	Wednesday	—	—	—
TI Group	Thursday	5.0	5.0	5.0
Wilkes, James	Thursday	1.2	3.6	3.0
INTERIM DIVIDENDS				
Attwoods	Wednesday	1.0	3.0	
Galliford	Wednesday	1.0	3.4	
Industrial Finance and Inv. Corpn.	Monday	1.0	2.5	
Kleinwort Benson Eurobond Fund	Thursday	—	—	
Mitchell Cotts	Thursday	1.5	2.75	
Peters, Michael	Monday	1.0	1.6	
Ramar Textiles	Monday	—	1.65	
Sinclair, William	Wednesday	1.65	3.6	
Telematrix	Tuesday	0.6	1.15	

* Dividends are shown net pence per share and are adjusted for any intervening scrip issue.

INTEREST RATES: WHAT YOU GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 30%	45%	60%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawals (days)
CLEARING BANK*								
Deposit account	6.50	6.61	5.19	3.77	half yearly	1	—	0-7
High interest cheque	9.00	9.31	7.31	5.32	quarterly	1	2,500 minimum	0
3-month term	8.38	8.65	6.79	4.94	quarterly	1	2,500-25,000	90
BUILDING SOCIETY†								
Ordinary share	7.00	7.12	5.60	4.07	half yearly	1	1-250,000	0
High interest access	8.75	8.75	6.88	5.00	yearly	1	500 minimum	0
90 day	9.50	9.73	7.64	5.56	half yearly	1	500 minimum	90
Premium	9.40	9.74	7.65	5.56	quarterly	1	10,000 minimum	90
NATIONAL SAVINGS								
Investment account	11.50	8.05	6.33	4.60	yearly	2	5-50,000	30
Income bonds	12.00	8.88	6.97	5.07	monthly	2	2,000-50,000	90
31st issue‡	7.85	7.85	7.85	7.85	not applicable	3	25-5,000	8
Yearly plan	8.19	8.19	8.19	8.19	not applicable	3	20-200/month	14
General extension	8.52	8.52	8.52	8.52	yearly	3	—	8
MONEY MARKET ACCOUNTS								
Money Market Trust	9.25	9.46	7.44	5.41	half yearly	1	2,500 minimum	0
Schroder Wagg	8.60	8.95	7.03	5.11	monthly	1	2,500 minimum	0
Provincial Trust	9.34	9.75	7.66	5.57	monthly	1	1,000 minimum	0
BRITISH GOVERNMENT STOCKS§								
7.75% Treasury 1985-88	10.51	8.31	6.82	5.31	half yearly	4	—	0
10% Treasury 1990	10.61	7.42	5.73	4.04	half yearly	4	—	0
10.25% Exchequer 1995	10.38	7.37	5.75	4.14	half yearly	4	—	0
3% Treasury 1987	8.39	7.49	6.95	6.41	half yearly	4	—	0
3% Treasury 1989	8.45	7.49	6.93	6.36	half yearly	4	—	0
Index-linked 1988¶	8.25	8.08	7.77	7.47	half yearly	2/4	—	0

* Lloyds Bank. † Halifax. ‡ Held for five years. § Sour[illegible] Drew. ¶ Assumes 4 per cent inflation rate. 1 Paid after deduction of composite rate tax, credited as net [illegible] free. 4 Dividends paid after deduction of basic rate tax.

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COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND DEALS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
Prices in pence unless otherwise indicated.					
Aaronite Group	60‖‖	61	60	3.15	Morean Holdings
A. C. Cars	95*	153	85	1.90	Mr W. West
Anglo-Indo Corpn	184§	187	166††	10.92	Plant & Gen Invs
Automotive Prods	194§	190	128	109.12	BBA Group
Breakmate	220*§	213	200	7.96	Sketchley
Business Cmptr	28½§§	26	20	1.68	Electronic Data
Campari Intl	49*§	57	45	4.21	Mr A. Nordin
Charterhouse Pets	119§ §§	99	66	161.78	Petrofina
Coats Patons	263§	252	238	727.67	Vantona Viyella
Ctry Gentlemans	800§	763	775	5.90	Bestwood
Davenports (Brw)	472	440	368	38.34	Greenall Whitley
Davenports (Brw)	450	440	375	36.52	Wlvhmptn & Ddly
Dew (George)	96	93	92	7.68	Bremner
Distillers	632§§	626	510	2.282bn	Argyll Group
Distillers	647§§	626	627	2.350bn	Guinness
First Castle Elec¶	206	195	111	53.25	Morgan Crucible
Gaunt (Rowland)	108	92	92	3.39	Spong Holdings
Gomme Holdings	87*	84	59	11.22	Millmine
Granada¶	286	264	236	708.79	Rank Orgn
Group Lotus¶	129½*	127	120††	22.74	GMLG
Haslemere Estates	600*§	626	505	176.83	Rodamco Prop
Imperial Group	315§§	322	242	2.382bn	Hanson Trust
Imperial Group	312	322	291	2.359bn	Utd Biscuits
Inn Leisure	110	139	116	28.94	Devenish
Macarthy's Phar	275*§	355	257	36.22	Jadelle
Newman Tonks	131	138	96	41.05	McKechnie Bros
Somportex	28½*§	174	27	0.79	Messrs N. Wray & C. Mattock
Sonesson	*190*‖*	*£17*	*£13¾††*	3.23bn‖	Fermenta
Spencer Clark	140*	166	131	7.03	Williams Hldgs
Stanelco¶	10*§	56	38	0.54	Brand Promotions
Thomson T-Line¶	50*	161	48	0.50	Diamond
UKO Intnl	200§	196	182	28.11	Suter
Utd Com & Tech	110*§	113	70	2.75	Harvard Secs
Utd Com & Tech	115§	113	105	2.88	Park Place
Wadkin	225	215	170††	10.80	Robinson (Thos)
Watson (R. Klvn)	*275**	265	248	8.25	Coopervision
Williams (J.)	24½§	35	20	1.41	Wyndham Group

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Unconditional. ** Based on February 28 1986. †† At suspension. §§ Shares and cash. ¶¶ Related to NAV to be determined. ‖‖ Loan stock. ‡‡ Suspended. ‖ Swedish kroner.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Berisford, S & W	Sept	52,950	(80,230)	—	(—)	10.5	(10.5)
Bluebird Toys	Dec	1,270	(739)	12.8	(7.8)	3.5	(—)
British Vend	Dec	852	(587)	5.6	(5.9)	1.4	(1.05)
Cowie, T.	Dec	4,060	(2,294)	—	(—)	3.5	(2.75)
Good Relations	Dec	1,020	(1,350)	6.4	(9.9)	4.9	(4.6)
ICI	Dec	912,000	(1,030,000)	86.4	(98.2)	33.0	(30.0)
Jebsens Drill	Dec	25,020L	(3,140)L	—	(—)	—	(—)
Ladies Pride	Nov	397L	(282)L	—	(—)	0.75	(1.5)
Marley	Dec	19,560	(33,140)	6.3	(8.9)	3.75	(3.75)
McAlpine, A.	Oct	23,050	(22,647)	38.9	(45.4)	12.5	(11.0)
Metal Bulletin	Dec	1,030	(1,210)	6.8	(7.8)	4.25	(4.0)
Millward Br	Dec	800	(490)	—	(—)	—	(—)
Miss World	Dec	555	(515)	17.0	(16.0)	5.2	(3.6)
Olives Paper	Dec	76L	(149)L	—	(—)	—	(—)
Radius	Nov	991	(502)	7.3	(6.5)	0.44	(—)
Ratcliffes GB	Dec	343L	(1,340)	—	(27.7)	2.5	(3.5)
Royal Ins	Dec	41,400	(11,200)	12.2	(—)	25.75	(23.75)
Utd Glass	Nov	11,170	(8,660)	—	(—)	—	(—)
Vickers	Dec	45,100	(30,800)	36.3	(28.6)	13.0	(10.0)
Williams, Rex	Nov	150	(167)	1.5	(2.4)	0.91	(—)
Woodhouse & Rix	Dec	1,140	(262)	7.8	(2.1)	2.5	(1.0)
Yorkshire Chem	Dec	1,330	(916)	10.5	(5.6)	3.0	(1.75)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Coln Ind	Dec	441	(234)	1.1	(1.1)
Cope Allman	Dec	7,520	(6,340)	3.4	(2.7)
Courtney Pope	*Nov*	1,000	(800)	3.5	(3.0)
Deborah Serv	Sept	375	(301)	1.21	(1.21)
Dialene	Nov	253	(223)	—	(—)
Don Bros Buist	Nov	1,660	(1,300)	1.2	(1.0)
Eleco Hldgs	Dec	1,010	(810)	1.5	(0.75)
Excalibur	Oct	113L	(26)L	—	(—)
FII Group	Nov	1,060	(810)	2.25	(2.0)
Herrburger Br	Nov	99	(11)L	—	(—)
Isotron	Dec	729	(468)	0.5	(—)
Medminster	Dec	298	(241)	2.15	(1.95)
Polypipe	Dec	876	(630)	1.1	(—)
Stocklake Hldgs	Sept	1,870	(1,560)	3.0	(3.0)
Tottenham Hots	Nov	528L	(821)	—	(1.5)
Victor Products	Oct	516	(549)L	1.75	(1.6)

(Figures in parentheses are for the corresponding period.)

* Dividends are shown net pence per share except where otherwise indicated. L Loss.

RIGHTS ISSUES

High-Point Services—To raise £3m through a one for four rights issue at 330p.

Thomson T-Line—To raise £2.57m through a five for three rights issue at 50p.

SCRIP ISSUE

Polypipe—One for one.

OFFERS FOR SALE PLACINGS AND INTRODUCTIONS

City Site Estates—Placing of 1m shares at 135p.

Jarvis Porter—Offer for sale of 5m shares at 105p.

FINANCIAL TIMES SURVEY

REFURBISHING

The Financial Times proposes to publish a Survey on the above

The provisional date and editorial synopsis are set out below

PUBLICATION: 11 APRIL 1986

COPY DATE: 27 MARCH 1986

1—Introduction
2—Housing
3—Offices
4—Industry
5—Shopping
6—Historic Buildings
7—Public Buildings
8—Roads and Bridges
9—New Materials and Techniques
10—Specialists
11—Case studies and company profiles

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Bearish IBM fails to tame the bulls

THERE was a time not so very long ago when a few bearish words from IBM which is valued by the stock market at just under $100bn, would send shivers through Wall Street. Not so this week.

On Thursday morning "Big Blue," which is the Street's affectionate term for IBM (the market's most closely followed stock) issued yet another bearish statement warning about the impact of price cuts on its financial performance and noting that there continued to be "an absence of evidence of improvement in the US economy."

Some notable IBM-watchers in the analysts' community added to the gloom by downgrading their earnings forecasts yet again. Two months ago, the market was betting that IBM would boost its 1986 earnings by around a fifth to $12.75 a share. This week, the analysts have been busily downgrading their forecasts; Salomon Brothers, for example, is now forecasting 1986 earnings of $11.80 per share, an increase of little more than 10 per cent.

IBM's share slipped by $2¾ to $155¾ on the news but Wall Street, after an initial hiccup,

Wall Street

powered ahead and by the close the Dow Jones Industrial Average had leapt over the 1700 hurdle in the fifth busiest session in the history of the New York Stock Exchange.

"It's a delicious moment in history," was how Robert J. Barbera, chief economist at E. F. Hutton, summed up the present mood on Wall Street

The rise in share prices is being fuelled by the dramatic performance of the credit markets. By yesterday morning, long term US Government bond yields had dipped to 8.12 per cent. Bond prices have risen by 11 points and yields have declined by 199 basis points in three weeks.

The US Government's key long bond, Treasury 9¼ per cent, due 2016, reached a record 110½ on Thursday evening and long term bond yields are now standing at their lowest level since April 1978.

Short term interest rates have not fallen, which explains why US bank prime lending rates remain at 9.5 per cent, but this is not enough to derail the present rally. Investors who would not touch US Government paper when it was yielding 11 per cent are now falling over themselves to buy bonds yielding 8½ per cent.

The rally continues to be led byl the "blue chip" stocks. The shares of Philip Morris, which raised its dividend by 15 per cent and announced a two-for-one stock split this week, touched a 12-month peak of $106. Among the other major stocks t ohit new peaks this week were American Express ($66¼), Coca-Cola ($97½), McDonalds ($88¼), J. P. Morgan ($71¾), Phibro-Salomon ($50¾), and Sears Roebuck ($44¼).

The shares of Union Carbide and Eastman Kodak, two constituents of the Dow Jones Industrial Average which have had more than their fair share of negative publicity over the past year, also joined in the rally. Union Carbide's shares, which a year ago were trading at $36, have been trading in the high $90s this week on speculation that the company might get more than it anticipated for its consumer products division.

Eastman Kodak shares have also been strong performers amid rumours that GAF Corporation, which tried and failed to take over Union Carbide, was now thinking of getting into the photographic business.

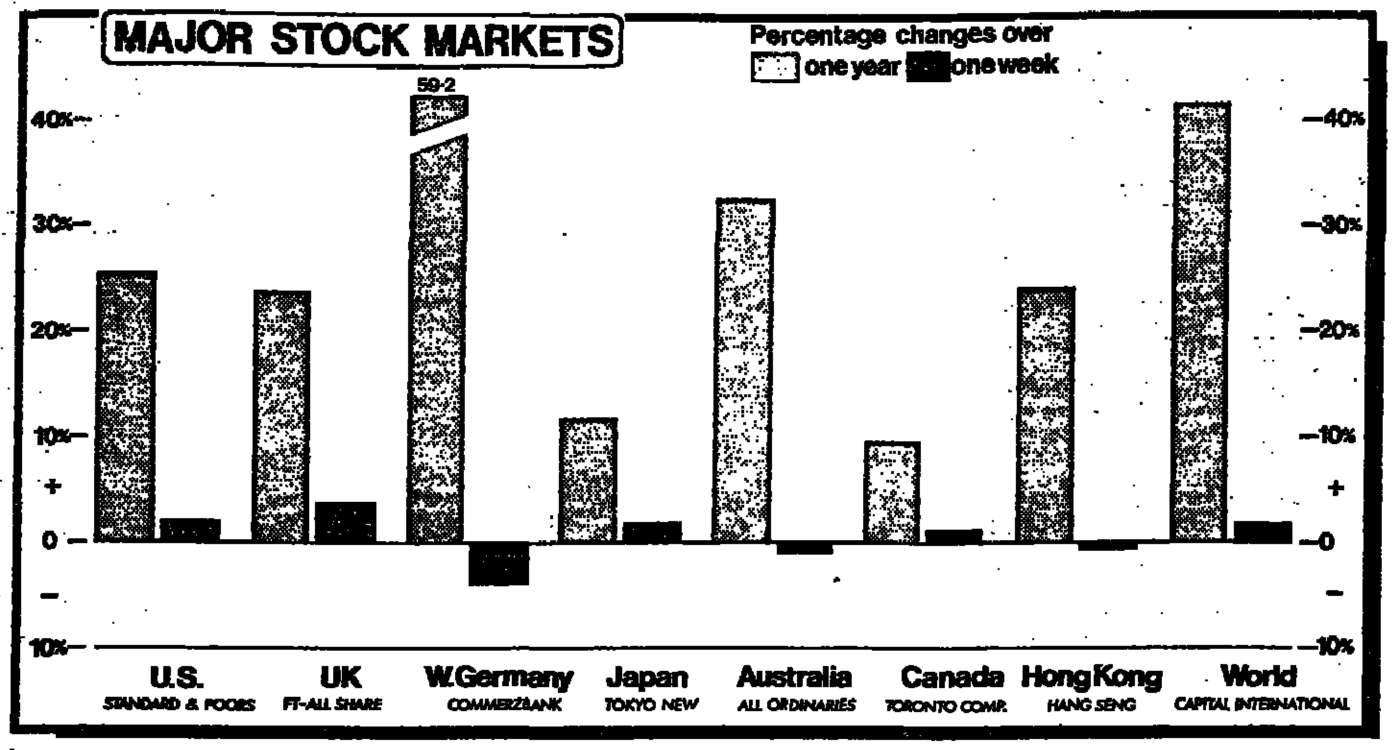
Not surprisingly, given the weakness in oil prices, the shares of the US oil majors continue to lag the market and there are a few brave investors who are beginning to look around the oil patch in search of yields noticeably higher than the 3.62 per cent offered on the Standard and Poor's 500.

They have plenty of choice. At one extreme is Texaco, shares of which are yielding 10 per cent at $30¾. At the other extreme is Amoco, which is yielding 5.6 per cent at its present price of just under $60. In the middle lies Exxon, the shares of which — now standing at $52¾ — yield 6.9 per cent.

The one bright spot in the sector was Standard Oil, whose shares jumped by $2¼ to $51¾ after British Petroleum sacked the top management team. Its shares jumped $2¼ to $51¾ after the news. Despite BP's denial, Wall Street is still betting that BP will make a bid for full control sooner or later. Investors may have a long wait if BP is to be believed.

MONDAY	1698.28	+0.57
TUESDAY	1692.66	−5.62
WEDNESDAY	1692.66	+4.24
THURSDAY	1713.99	+17.09

William Hall



Reform in the gambler's paradise

UNTIL forcible closure in 1974 the Lisbon stock exchange was not so much a market as a gambler's paradise. Shares were traded in the street from the back of station wagons, 600,000 people bought and sold stock in less than 200 companies as if they were handling chips at a casino, at a feverish pace that drove values to unrealistic heights.

When the 1974-75 crash came, after a coup that changed the regime and brought nationalisation of many of Portugal's major companies, thousands of bewildered holders of once-thriving shares found that their pieces of paper were almost worthless. Compensation turned out to be a mere fraction of the level shares had reached before the market closed.

When the market reopened in 1977 under tight finance ministry supervision, only 23 companies were quoted. Small or institutional investors largely ignored the 18th-century building on a corner near the River Tagus. Shares stagnated for years until confidence slowly began to return.

The first stirrings on the reactivated market came not from shares in private enterprise but from public debt issues that increasingly attracted funds from institutional investors. As the public debt mounted, so did issues of Treasury bonds and bills. E$60bn ($360m) in 1978, E$119bn ($714m) in 1980, E$170bn in 1982 and in 1985, the record amount of E$467bn ($2.8bn). Inflation-linked interest rates helped to keep their income on a steady course.

For some time, Treasury issues were the only alternative that institutional or individual investors could find to time deposits that traditionally absorb the bulk of Portuguese savings. Despite economic crises, the nation was saving and seeking investment opportunities.

The next stimulus to the secondary market came in the early 1980's with the first issues of medium-term bonds by major public corporations with tax-free interest. These were snapped up within hours of being open to public subscription. They offered corporations alternatives to expensive bank

Lisbon

loans. For investors like insurance companies, who needed to strengthen and diversify strategic reserves, they represented a new, flexible type of fund. Public corporation bonds, usually floating rate notes, were followed by bond placements by private companies.

Bond placements competed rather unfairly with potential share issues, thanks to streamlined bureaucracy and low fees for bond placements. Authorisation for new share issues remained cumbersome and expensive, and brokerage and other fees on the official exchange were high. This encouraged a legal but unofficial unlisted securities market.

Market experts sense that the secondary market is ready for more strength now that Portugal is in the EEC. The economy is picking up and the authorities are more alert to the variety of possible financing instruments. After the introduction two years ago of cash bonds issued by banks (a modified form of negotiable certificates of deposit) they expect to see convertible bonds and certificates of deposit.

The latest development is the new "participation bond." This will enable the public to subscribe to what is half a fixed income bond and half an ordinary share earning a dividend. Only public sector concerns including nationalised banks, may issue this new hybrid, which is the first step towards opening the capital of public concerns to private investors. One of Portugal's more solid nationalised banks, the Banco Espirito Santo, is at the head of the queue of applicants for the issue of this new instrument.

After orderly growth of the bond market the authorities recently took steps to encourage the public to invest in shares and companies to go public, offering tax incentives and cheaper brokerage costs. A recent stock market mini-boom, that played havoc with share values due to heated demand for a modest supply of 24 quoted companies was a sign that the public was returning to the Praca do Comercio, where the 200-year-old market stands.

Legislation has now been introduced for unit trusts which will offer mixed stock and bond portfolios—with a chance to place up to 10 per cent of the portfolio on foreign stock exchanges. These are likely to induce more companies to offer shares after years of reluctance. Going public and accepting annual general meetings is hard for individualistic Portuguese proprietors wary of outside influence on company decisions.

Though the Lisbon market is small and just starting to consolidate, it has begun to attract the attention of international investors searching for diversification. Bank of Portugal authorisation is required for non-resident foreigners to acquire blocks of shares or other issues on the Lisbon market but the bureaucratic processes are not considered overwhelming by market experts.

The fact that foreign investors have begun to show serious interest in Lisbon in the last year is a seal of approval for an institution that a decade ago was shuttered after half a decade of frenzy. As a member of the EEC Portugal is adapting its capital markets to EEC recommendations, and preparing a new companies' code laying down minimum capital and other structural requirements. This would replace the code published in 1888 when business practices were a little different.

Diana Smith

Ok Tedi back on a stable course

DID YOU know that the biggest gold-producing mine in the non-communist world outside South Africa also contains huge deposits of copper? No, it is not the **Rio Tinto-Zinc** group's **Bougainville** operation in the steamy rain-soaked mountains of Papua New Guinea—but you are getting close.

It is the controversial $1bn-plus **Ok Tedi** open-pit mine situated at Mount Fubilan in the jungle-clad Star Mountains of that country, close to the Irian Jaya border. The gold production claim was made this week by Dick Carter a director of the operating company, Ok Tedi Mining, who says the mine is now turning out gold at the rate of about 700,000 oz a year.

Ok Tedi is controversial not only because of the technical problems that have been faced in working a giant open-pit operation in this remote area, where the annual rainfall can approach 400 inches, but also because of financial problems and friction between its partners.

They are Australia's **Broken Hill Proprietary** with 30 per cent, America's **Standard Oil of Indiana** (Amoco), also with 30 per cent, West German interests with 20 per cent, and the Papua New Guinea Government which has the remaining 20 per cent.

Mining

Fearing that the commercial partners were interested only in mining the gold, which forms a cap over the deposit, and were likely to leave the much-less-exciting copper for as long as possible, the Government temporarily closed down the operation last year, not long after it had been officially opened.

The stalemate was later overcome and mining of the gold cap commenced. Now, a revised agreement has been reached whereby the start of copper operations has been brought forward by some two years to about the end of 1986. Full capacity copper production is envisaged by the end of 1988 at an annual rate of around 158,000 tonnes.

The partners have also agreed to shoulder $280m of the operating company's debt burden of around $720m, thus allowing it to devote more of its cash to developing the project. So at last, it seems Ok Tedi is on course again and, given a little luck, might become one of the world's great mines.

Its main problem when it comes to making money out of copper will be in keeping down production costs—the name of the game in mining generally in these days of low metal prices. Ok Tedi will make use of cheap hydro-electric power, but vast amounts of diesel fuel are needed for the huge earth-moving machines that snort their way around the pit.

The fall in oil prices will thus be of great benefit and, indeed, must be making life easier for Bougainville where imported fuel oil accounts for about a quarter of total operating costs. In fact, the benefits of cheaper oil to open-pit operations generally may not have been fully appreciated.

This factor will be taken into consideration in the continuing studies of another mountain mineral deposit in Papua New Guinea. It is the Porgera gold prospect in Enga province where the three partners are Canada's **Placer Development** and Australia's **MIM Holdings** and **Renison Goldfields Consolidated**, each with a one-third stake.

For the most part, this is another open-pit proposition with ore reserves last put at 76.8m tonnes and grading an acceptable average of 3.8 grammes gold per tonne. Within this mineralisation there is much higher grade ore, notably a deeper-lying 1.7m tonnes holding a rich 40 grammes per tonne of gold; and the partners are now driving a tunnel into the side of the mountain to evaluate this high grade zone.

Meanwhile, Renison Goldfields Consolidated, which is 49 per cent-owned by London's **Consolidated Gold Fields**, has reported a further recovery in earnings for the first half of the year to June 30 and hopes to continue to do well in the second half.

Net operating profits for the past six months have risen to A$10.2m (£4.9m), or 15.3 cents per share, from A$3.6m a year ago when the second half produced profits of A$9.1m. The company has resumed interim dividends with a payment of 5 cents; for the previous year there was a final dividend only of 10 cents.

The latest improvement reflects the strength of the market for the company's Australian mineral sands; exchange rate benefits; increased interest income; and the start of gold production in October of the 60 per cent-owned Pine Creek mine in the Northern Territory.

Kenneth Marston

Lloyds Bank 1985 Results

The main features of 1985 were:

- ☐ Higher profit, earnings per share and dividend; and a 1 for 2 scrip issue.
- ☐ A significant strengthening of our capital base.
- ☐ Strong performance in UK; Latin American exposure reduced in sterling terms.
- ☐ Continuing prudent approach to provisions for bad and doubtful debts, but write-offs down.
- ☐ The creation of Lloyds Merchant Bank, the sale of our investment in the Royal Bank of Scotland, and the merger of the clearing bank and Lloyds Bank International (1 January 1986).

"1985 was a year in which we significantly strengthened our capital base and reduced our relative exposure to international debt problems. The excellent results allow us to increase the dividend and we propose a further 1 for 2 scrip issue. We shall continue to push forward in 1986."

Sir Jeremy Morse, Chairman of Lloyds Bank Plc

LLOYDS BANK Plc
FINANCIAL HIGHLIGHTS OF THE YEAR ENDING 31 DECEMBER 1985

	1985	1984	Increase
Profit Before Tax	£561m	£468m	20%
Profit After Tax	£331m	£237m	40%
Post-Tax Return on Average Total Assets	0.77%	0.55%	
Post-Tax Return on Average Equity	15.1%	12.1%	
Earnings Per Share	93p	65p	43%
Dividends Per Share	21.0p	17.7p	19%
Dividend Cover	4.4 times	3.7 times	

Dividend

The Directors of Lloyds Bank Plc have declared a final dividend for the year ended 31 December 1985 of 13.5p per share (1984: 11.4p adjusted for the one for two capitalisation issue in 1985), making a total for the year of 21.0p per share (1984: 17.7p). With the related tax credit this is equivalent to 30.0p per share (1984: 25.2p). The final dividend is payable on 4 April 1986 to shareholders registered on 12 March 1986.

Proposed one for two scrip issue

The Directors will recommend to shareholders at the Annual General Meeting the issue of one new fully paid ordinary £1 share for every two shares held. Subject to shareholders' approval, the new shares will be issued to holders on the register on 30 May 1986.

Further information

Further details of Lloyds Bank's 1985 results may be obtained from: Corporate Communications Division, Princess House, 152/156 Upper Thames Street, London EC4R 3UJ. Tel: 01-929 2777.

Lloyds Bank

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Lloyds Bank Plc, 71 Lombard Street, London EC3P 3BS

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Source: Planned Savings. Figures are 12 months to 31st January 1986, offer to bid basis with income reinvested.

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Grofund Managers Limited is the unit trust management arm of Allied Irish Investment Bank plc, the merchant banking subsidiary of Allied Irish Banks, with funds under management now totalling £1.5 billion.

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GROFUND EUROPEAN TRUST

GROFUND. LIVING UP TO ITS NAME.

A MEMBER OF ALLIED IRISH BANKS GROUP Assets £6.5 billion

• MARKETS •

Interest Rates

THE WORLD'S bond markets have been soaring. The halving of the oil price since last autumn appears finally to have persuaded investors that there is a good chance that the battle against inflation is being won.

As a result, long-term interest rates in virtually every major financial centre have been tumbling and the prices of fixed-interest government securities rising. In the US, the return on the government's 30-year bond has fallen below 9 per cent for the first time in six years. Next week could see the first issue since 1973 of 10-year West German government bonds with yields of below 6 per cent.

Japan has cut its discount rate to 4½ per cent and is expected to reduce it further over the next few months. West Germany is coming under growing pressure to lower its short-term rates and a reduction in British borrowing costs in three or four weeks is a distinct possibility.

It is not difficult to see why. With crude oil now trading at $15 a barrel, economists have been ratcheting down their inflation forecasts for this year and next.

This week, for example, the National Institute of Economic and Social Research was predicting that the average inflation rate in the industrialised world would come down to just over 3½ per cent this year and to less in 1987.

Even in the US, where the sharp fall in the value of the dollar has pushed up the import costs of non-oil commodities, inflation remains subdued.

There are still risks—oil prices could yet regain at least some of their losses and the US Budget deficit remains a potentially destabilising force. But the best guess of most economists is that the world is in for a long period of gently declining interest rates. For investors, that probably means they should lock in now.

Philip Stephens

And the walls came tumbling down . . .

WHEN the chairman of the US Federal Reserve Board stands up in front of Congress, as he did earlier this week, and says there is evidence that investors' inflationary expectations may be receeding at last, something special must have happened. All the more so when that Fed chairman is none other than Paul Volcker, who has spent more than six years in office trying to lay the inflation bogeyman to rest while holding onto the nation's purse strings.

Mr Volcker noted that long-term investors can be skittish for years after a violent inflationary episode—such as the 1970s—but said: "The evidence is that we may be working through that." And he told his audience that the recent decline in oil prices "appears to assure favourable price performance in the months immediately ahead."

Although the cigar-chomping 58-year-old Fed chairman couched his comments in typically cautious terms—renewing his warning that a precipitous drop in the dollar could still undo the positive impact on US domestic inflation of the oil price collapse—he nevertheless termed the recent sharp decline in long-term interest rates "quite remarkable."

Indeed it is. Nominal US interest rates have generally been heading downwards for years now but, until recently, longer-term rates moved pretty much in lockstep with rates in the US money markets which, in turn, have tracked the actions of the Federal Reserve.

The last time US short-term rates took a nose-dive was in the middle of last year—after the Fed cut the discount rate to 7.50 per cent. Since then, the rate on six-month Treasury bills has remained pretty steady—around the 7 per cent level. But over the same period the yield on the 30-year Treasury long bond, which stood up near the 12 per cent level at the start of 1985, has plunged from just over 10.50 per cent to under 8.50 per cent last week.

In fact, most of the decline in long-term Treasury bond yields has come in the past three months—fuelled by a tremendous rally in the US credit markets and surging bond prices. The yield on the long bond first crashed through the 10 per cent barrier in mid-November and dropped through the 9 per cent marker two weeks ago—the first time the closely watched barometer of market mood had stood below the 9 per cent level since 1979.

This sharp decline in longer term interest rates, coupled with relatively static short-term rates, has led to a marked flattening in the "yield curve"—the difference between what investors receive on short-term government paper compared with the long bond. The "gap" between short and long-term yields—on an equivalent basis—has narrowed from over 200 basis points just a month ago to just around 120 basis points today.

Typically, market watchers view a flattening of the yield curve as evidence that investors believe inflation will remain in check—or decline—and the economy will not be allowed to overheat, something that would put upward pressure on interest rates. Those rosier expectations encourage investors to step out along the maturity spectrum in search of higher returns—pushing up bond prices and bringing the longer-term yields down further.

If Wall Street analysts, and Mr Volcker, are correct, that is exactly what has been happening in recent months. This sea-change in investor confidence reflects a wide range of factors including the improved prospects for reduced US government Budget deficits, the Fed's still-steady grip on the monetary reins—notwithstanding the jump in M1, the basic US money supply measure, which is explained by other factors—and, perhaps most crucially, the recent rapid decline in world oil prices.

Mr Paul Volcker

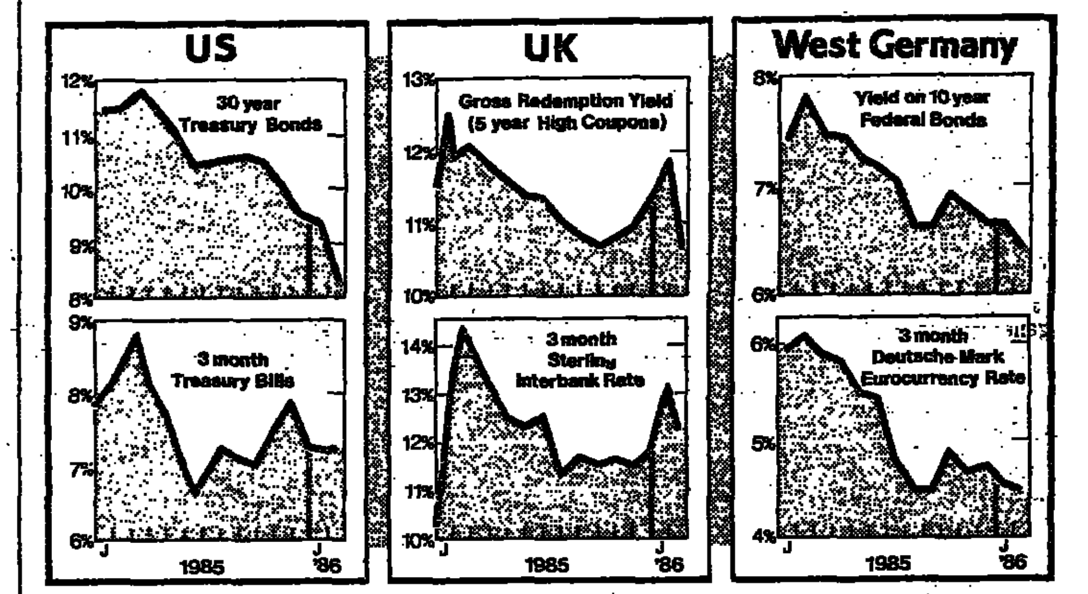
The US credit markets have also been buoyed by foreign investors' apparent continued appetite for US government paper and more generally for dollar-denominated securities, despite the sharp decline in the US currency in the wake of the September meeting of finance ministers from the leading Western industrial nations.

Nevertheless, the dollar's decline has reduced the relative attractiveness of the US credit markets in terms of overall return to investors. For example, Salomon Brothers' US *Broad Investment Grade Bond* Index showed a 22.3 per cent return for the whole of 1985 while the Wall Street firm's World Bond Index scored a 32.3 per cent advance.

Currency appreciation against the dollar, particularly in the final quarter, accounted for between one-half and three-quarters of the non-dollar returns, which ranged as high as 52.8 per cent on French franc-denominated bonds. Indeed, the West German, Dutch, British, Japanese and Swiss government bond markets all provided investors with higher total returns than the U.S.

Thus, aside from concern that a further sharp decline in the value of the dollar might push domestic US inflation back up from its January 4.1 per cent annual pace—a rate that has yet to reflect the early impact of falling oil prices — some Fed officials, including Mr Volcker, are clearly still worried that a precipitous collapse in the US currency might still lead to a drying up in overseas demand for new US government paper. That is one reason why most Wall Street economists believe the Fed will wait for Europe to lead the way to lower short-term interest rates.

Paul Taylor



Pundits forget pessimism

MEMORIES in London's financial markets have never been shorter. Little more than a month ago, the well-heeled pundits at the City's major broking firms were falling over each other in a race to publicise their pessimistic predictions over the outlook for British interest rates.

The pound was falling into a bottomless pit, bank base rates of 14 per cent were a certainty.

For most of this week, without a hint of embarrassment, those same gurus were grabbing the headlines with their predictions that base rates would soon come down from 12½ per cent.

The gilt-edged market meanwhile celebrated the issue of the first new stock with an overall return of less than 10 per cent since 1973. And someone who bought, say, the Exchequer 12½ per cent 1994 stock at the bottom of the market in January, cashed it in this week, would have realised a capital gain of about 6 per cent.

The turnaround in sentiment was not as extraordinary as it looks. The initial focus of the markets as the oil price tumbled was on the exchange rate. The Government's tough rhetoric after a similar crisis a year ago made it seem inevitable that it would jack up interest rates to defend the pound.

The Treasury kept its nerve, however, and a clutch of good statistics for foreign exchange reserves, the money supply and public borrowing dispelled much of the market's gloom over the domestic outlook.

That coincided with a growing awareness that the international disinflationary impact of lower oil prices and the acceleration in the fall of the dollar's value should also ease some of the pressure on British borrowing costs.

Just as the pessimism was overdone in January, however, some of the euphoria of the past week has seemed premature. The betting—at least until yesterday's slide in the pound's value—is on a cut in interest rates over the next few weeks—probably to coincide with the Budget—but no one is yet talking about more than a point off base rates.

The pound still looks too shaky against European currencies for Chancellor Nigel Lawson to risk a major cut in rates. And with the next meeting of the Organisation of Petroleum Exporting Countries timed to coincide with the Budget, there is still the danger of another bout of oil price jitters.

Returns on the London money markets have, however, come down to around 12½ per cent for three-month deposits from the high of nearly 14 per cent last month; while the shorter-dated gilt-edged securities favoured by most private investors are already discounting some reduction in base rates. The judgment for the investor now is whether to lock into the present relatively high yield structure.

In terms of short-term capital gains, there are still many brokers who think the stock market is a better bet. But there is a general consensus that over this year as a whole the trend in interest rates will continue downwards, making a further rise in gilt-edged prices a strong probability.

High coupon stocks, suitable for non-taxpayers, with maturities of up to five years, are now yielding an overall return to redemption of between just under 11 and 12 per cent. The low-coupon stocks aimed at high-rate taxpayers are paying a more modest 8½ per cent.

Those returns compare with the consensus view of economic forecasters that the inflation rate will fall to around 4 per cent by the fourth quarter of this year before edging up to around 4½ per cent in 1987.

P. S.

Ignoring this advertisement could cut your pension in half.

When it comes to their pension, many otherwise shrewd people make decisions which defy common sense.

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MAXIMUM FLEXIBILITY
Contributions can be varied
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- High Income Fund
- Equitable Pelican Fund
- With profits policies

Next, you must satisfy yourself you won't be pouring money, year after year, into a company which will pay out a fraction of what could have been achieved elsewhere.

Of course the past cannot guarantee the future, but you must be certain the company's policies have a record of delivering outstanding performance.

UNRIVALLED TRACK RECORD
The Equitable Life.
Number of 1st and 2nd places in surveys of 10 and 20 year with profits policies for the self-employed as published by Planned Savings magazine 1977-1985 inclusive.
Our nearest rival.

TOP PAYOUT
The Equitable £47,142
Average £39,222
Worst Company £31,575
Personal pension fund from 20 year with profits policy, annual premium of £500, as published by Planned Savings November 1985. Figures refer to self-employed man aged 65 retiring 1st September, 1985.
Source: Planned Savings November 1985

You may want to bear in mind that The Equitable Life is unusual in not paying commission to brokers or other middlemen.

Which is why these people may be reluctant to recommend The Equitable.

So you'd be wise to make sure you get some figures from us.

NO MIDDLEMEN
The Equitable
Your money
100% into The Equitable.
Most companies
Your money
Middleman takes slice
As little as 50% is invested in first year.

What's more, unlike most companies, we invest every penny of your unit-linked contributions. We have no policy charges and we don't use capital or initial units with high annual fund charges.

NO POLICY CHARGES
With The Equitable, 100% is invested right away. We do not use capital units and there are Bonus Units for regular savers. No other company offers this combination of benefits.
Almost every other company's charges under regular contribution unit-linked policies effectively cut your investment by as much as 50% in the first year, or even the first two years. They may do that through low allocations, or through capital or initial units – units with especially heavy charges year on year.

In all respects, you'll find that The Equitable's efforts on behalf of policy holders consistently give unrivalled results.

One reason is that, unlike most of our competitors, there are no shareholders to nibble away at the profits.

And, as the oldest mutual life office in the world, which first put into practice the sound actuarial principles all other life offices have copied, we have a reputation for innovation and fairness to live up to.

THE WORLD'S FIRST

FOUNDED 1762

The result is that The Equitable now has funds under management totalling over £2,000 million.

Our standing with those professionally concerned with pensions is demonstrated by our record of success with Additional Voluntary Contribution (AVC) schemes which companies set up for their staff.

No. 1 IN A.V.C. PREMIUM INCOME
The Equitable Life £28.8m
No. 2 Life Company £13.0m
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We run more Additional Voluntary Contribution Schemes than any other life company. And these schemes bring us more than twice the premium income of our nearest competitor.
Source: Pensions magazine November 1985

We admit that deciding which pensions company to go to is difficult.

But remember that your choice can mean the difference between tightening your belt when you retire, or continuing to enjoy a high standard of living. Examine the evidence of this advertisement carefully.

We're certain you'll find there is no company that can offer you as much as The Equitable Life.

So, for the best in pensions, write to The Equitable Life, FREEPOST, 4 Coleman Street, London EC2B 2JT or call us direct on 01-606 6611.

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The Equitable Life

You gain because we're different.

Offer for subscription under the provisions of the Business Expansion Scheme

Guardian Care PLC

Guardian Care PLC is engaged in the provision of nursing home facilities for the elderly

★ two existing nursing homes (88 beds)
★ business dates from 1979
★ proven record and total commitment of management
★ pre-subscription net asset value over £1 million

Offer for subscription under the Business Expansion Scheme of up to 1,350,000 ordinary shares of 25p at £1.50 per share payable in full on application before 5 April 1986 in order to

★ expand existing homes (53 beds)
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★ develop 4 greenfield sites (220 beds)

For a copy of the prospectus and application form ring the sponsors

Douglas J Townley and Co
(member of NASDIM)

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Note: this advertisement is not an invitation to subscribe for shares

هكذا من الأصل

Business Expansion Schemes

Confidence returns to the West End

THE THEATRE has staged a revival in recent years. Thanks to a new generation of more dynamic proprietors and an influx of American tourists prepared to pay high prices for West End seats the theatre has hauled itself out of the doldrums and, in London at least, box office revenue is rising.

Two theatrical business expansion schemes surfaced last week. The Playhouse Theatre Company is asking investors for £1.4m, in an issue sponsored by Chancery Securities, to reopen a London theatre and to form a production company.

Playhouse's directors have already invested £1.4m in the venture and have purchased the Playhouse Theatre on Northumberland Avenue. The Playhouse has been "dark" since 1951, although the BBC used it for radio recordings until the mid-1970s. The company plans to plough just under £1.3m into renovation and to reopen it in July next year.

In the meantime Playhouse will concentrate on forming its production company. The first production should be staged in the West End this summer. The company will work primarily for the Playhouse, but also for other West End and provincial theatres, and for television.

Assuming that 59 per cent of the Playhouse's seats are filled — compared to a West End average of 63 per cent — and that one in five plays transfers to another theatre, the company expects to break even in its third year. The issue closes on April 30.

Meanwhile, Theatre Royal Presentations is seeking to raise £340,000 to establish a production company which will produce plays for provincial theatres—primarily the Theatre Royal in Bath with which most of the directors are connected — which could transfer to the West End.

The issue of up to 1.7m ordinary shares at 20p each is sponsored by Dartington. It opens on Monday and will close on April 4.

Another unusual issue is that of Rowcroft Hospice Shops, which aims to raise £400,000 to expand the charity shops which support the Rowcroft Hospice for the terminally ill in South Devon.

The hospice has two shops, which should contribute £50,000 to its resources this year. The hope is to raise around £175,000 a year by opening more shops. They are stocked with donated goods and run by volunteers.

Investors will be entitled to an annual dividend of 4p per share, which will increase with inflation. The issue of up to 400,000 ordinary shares for 96p is sponsored by the accountants Reeves and Nylan, which structured a similiar issue for the Pilgrims Hospice in Canterbury two years ago.

In a more conventional issue, Honeyglen Assured Construction, which will operate as a deferred payment building contractor for residential property developers in London, plans to generate £2.5m through a business expansion scheme sponsored by Chancery Securities. The issue will close on April 30.

Honeyglen will work on small development projects of up to £750,000, for residential property developers in west and south-west London. The company assumes responsibility for the development — buying materials, employing staff, managing sites—in return for a deferred payment, whereby full payment is postponed until the project's completion. Each deferred payment will be secured by a legal charge or guarantee.

Meanwhile Alliance Asset Management aims to raise £2m to expand its established Sussex estate agency into a national chain of "home centres" offering financial advice and services to home buyers and sellers.

The issue, sponsored by Lancashire and Yorkshire Investment Management, is open indefinitely. Some £300,000 has already been received through a private placing of ordinary shares, and the company's executives have subscribed £50 for founders' shares which carry special rights.

Alice Rawsthorn

Invest now, drink later

WHEN THE Business Expansion Scheme was introduced in a flurry of free marketeering fervour in 1983 the government's intention was to help young, technologically-inclined companies secure venture capital, boosting technology and generating jobs.

Since then a stream of hotels, old people's homes, farms, theatres, art dealers and wine shippers have used the scheme. Some may have boosted technology and created jobs, but many have manipulated the scheme to raise capital which is ploughed into assets, often property.

In successive budgets the Chancellor has weeded out such glaring abuses as investment in farms and pure property. In this year's budget he is expected to pounce on hotels, wine shippers, and possibly fine art and antiques dealers.

The would-be hoteliers and wine shippers have anticipated this and have accelerated their issues to take adavantage of the scheme before March 18. One issue, Saint Hotels, even presents itself to prospective investors as "The last property-backed BES issue before the budget?"

Saint Hotels plans to raise between £1.185m and £5m to establish a chain of hotels, to meet the demand for middle market accommodation in central London. The first, the Harrington Hall Hotel in South Kensington, should open in April next year.

The company has already negotiated an agreement with the US tour operator Mill Run Tours, which has offered to fill 60 per cent of Harrington Hall's rooms and will invest £50,000 in the issue.

The issue has been underwritten for the minimum of £1.185m by its sponsors, Johnson Fry, and will close on March 14, four days before the budget. The minimum subscription is £3,000.

Another issue rushed through before the budget is Shaftesbury Vintners, which plans to raise £287,300 to expand its business as an importer and distributor of Australian wines. The issue, through Afcor Investments, will close on March 6. It plans to extend its Barri and Renamo ranges of wine, to introduce draught Australian wine to pubs and wine bars and to expand sales of own-label wines to multiple retailers.

The Bristol Brandy Company proposes to raise between £225,000 and £487,500 in a Heseltine Moss-sponsored issue which will close on March 26.

The company was founded in 1973 as a wine and spirit shipper, but over recent years has concentrated activities on spirits, specifically brandies. It plans to specialise in "early landed" brandies, very old French cognac and armagnac, but its interests will extend to a wide range of grape-based spirits and *eaux de vie*.

Perhaps perversely, issues dealing with "secure" asset-backed ventures like hotels, and "indulgent" areas such as wine shipping have tended to find the most favour with investors. But neither fits into the high-tech, job-creating ethos that the Government had envisaged for the scheme.

A. R.

Investors Capital Trust

Number One Charlotte Square

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• Investment policy changed to one of income growth through investment in shares of British companies with an above average yield.
• Forecast dividend for year to 30 September 1987–12p.
• Introduction of quarterly dividend payments, commencing June 1986.
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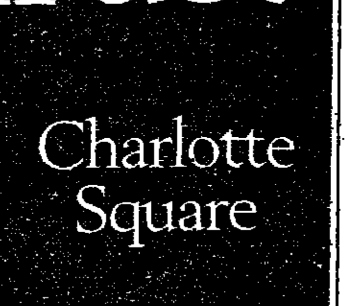

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*Forecast

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To: Ivory & Sime plc, One Charlotte Square, Edinburgh EH2 4DZ. Please send me a copy of the 1985 Annual Report for Investors Capital Trust.

Name ____

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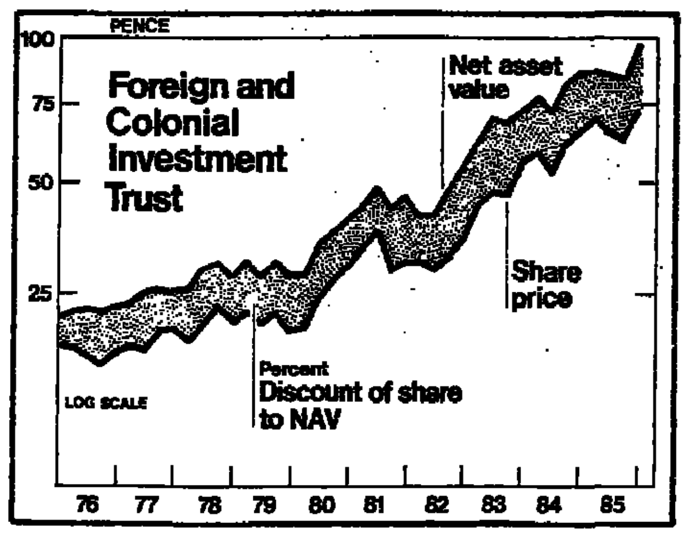
Investment Trusts



Poor results can still pay off

FOR THOSE who want to make small monthly savings in a fund which invests in a wide spread of equities around the world, the shareholder saving scheme operated by the Foreign and Colonial Investment Trust has often been recommended on these pages.

The Foreign and Colonial results for 1985 published this week, however, were poor, though no worse than those of most investment trusts. An investor would have fared better if he had invested in a broad spread of UK equities chosen at random.

Even over five years to the end of 1985, an initial investment of £1,000 (with net dividend income re-invested) in Foreign and Colonial would have yielded a final sum of only £2,651. By contrast, an investment which generated returns in line with the FT-A All Share index, the broadest measure of the fortunes of the UK stock market, would have yielded a final sum of £2,794.

In 1985, Foreign and Colonial suffered from investing too heavily in the electronics sector both in the UK and Japan and too little in consumer stocks, which fared particularly well. It also failed to hedge sufficiently against the fall in the dollar, although it made up for some lost ground by moving strongly into European markets before the boom there got fully under way.

Despite Foreign and Colonial's difficulties, a large diversified investment trust remains the most cost-effective form of equity investment. And the management of Foreign and Colonial, which is the oldest and second largest of all investment trusts with net assets of £505m, has made a particular effort to make it easy for small investors to buy its shares.

Over the longer term the investment performance of investment trust managers has on average differed little from the performance of their counterparts managing unit trusts or unit-linked life assurance. And it would be futile to predict which type of pooled fund will perform better over the next five or ten years.

There is another consideration however—the charges each type of fund makes on investors. Whatever route you take into the stock market, some of your initial investment will be eaten up in commissions and other charges to stockbrokers, jobbers and, most of all, to the salesmen of unit trusts and unit-linked life assurance.

Investment trusts have a decisive advantage over these two since they have negligible marketing costs, and their annual investment management fees are substantially lower. Foreign and Colonial's annual charges come to only 0.26 per cent of net asset value compared with the 1 per cent charge by most unit trusts.

Until recently, it was widely assumed that the large investment trusts, which spread their investments over a range of sectors and countries, would be immune to a takeover because of their size. However, some of the recent takeover bids on the London stock market have been worth two or three times the value of the assets of even the two largest investment trust, Foreign and Colonial and Globe.

Ironically, because of the poor performance of investment trusts over the last year, they have become more vulnerable to predators. So even a poor performance by them can mean a good performance for you.

Further details of the Foreign and Colonial savings scheme can be obtained by writing to the managers, 1, Laurence Pountney Hill, London EC4R 0BA.

Clive Wolman

Offer for Subscription under the terms of the
BUSINESS EXPANSION SCHEME
Sponsored by
ELECTRA MANAGEMENT SERVICES LIMITED
and
GUIDEHOUSE LIMITED
of up to 1,477,120 Ordinary Shares of 10p each
at 145p per share payable in full on application

PLEASUREWORLD PLC

Pleasureworld PLC has two subsidiaries which operate the Gunton Hall Holiday Centre and the adjoining Pleasurewood Hills American Theme Park, situated in Lowestoft, Suffolk. The Company owns in total 136 acres of freehold and long leasehold land on which these businesses operate and pro-forma net tangible assets per share at 31st December 1985 amounted to approximately 191p. The Directors intend to recommend the payment of dividends, which on the basis of the projected profit for the year to 31st March 1987, should give a dividend yield of around 3.4% for that year. The proceeds of this Offer will be used to reduce borrowings and to expand the businesses.

Prior to the issue, certain institutional and private investors have subscribed approximately £431,000 for shares.
The minimum subscription has been underwritten by Electra Investment Trust P.L.C. and by Guidehouse Limited. As the Company has been trading for over 4 months, certificates for claiming BES tax relief should be available shortly after allotment.

The Offer will close as soon as the Offer is fully subscribed or at 3.00 p.m. on 14th April 1986 unless extended prior to that date. There will be an initial allotment on 17th March 1986.

Copies of the Prospectus, on the terms of which alone applications for shares may be made, may be obtained from either of the following addresses:

Guidehouse Limited, Vestry House, Greyfriars Passage, Newgate Street, London EC1A 7BA Tel: 01-606 7001

Electra Management Services Limited, Temple Place, Victoria Embankment, London WC2R 3HP Tel: 01-240 8565

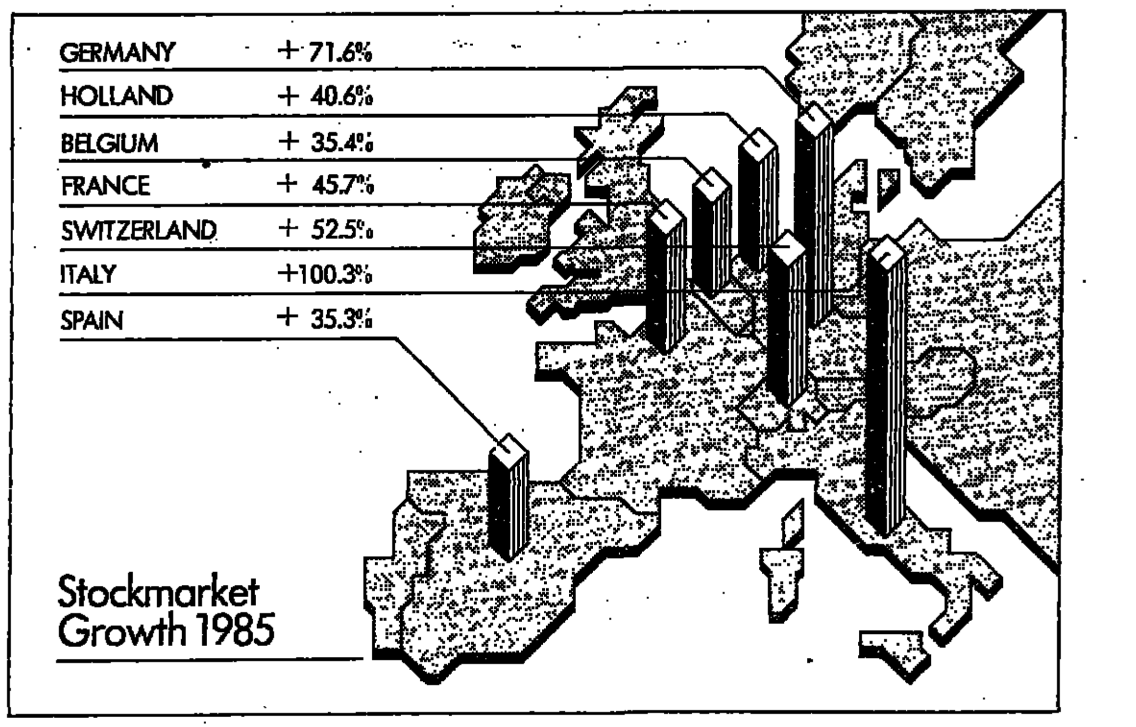
Please send me a copy of the Prospectus for Pleasureworld PLC.

NAME ____

ADDRESS ____

ANNOUNCING AN IMPORTANT NEW UNIT TRUST

EUROPE KEEPS ON GROWING



INVEST NOW IN BRITANNIA'S NEW EUROPEAN GROWTH TRUST

Europe was a great success story for unit trust investors in 1985. Share prices rose rapidly on the major European stockmarkets. Prices of European unit trusts rose with them. And all the economic indicators suggest that this trend will continue.

Investing in stability plus . . . dynamism!

The new Britannia European Growth Trust aims for capital growth from a broad based portfolio of European shares, giving you an ideal opportunity to take a stake in this booming investment sector.

Britannia's investment managers are concentrating on the countries that combine political stability and a sound currency with a record of dynamic stockmarket growth: Germany, up 71% in 1985, Switzerland up 52%, France up 45%, Holland up 40%. These stockmarkets offer a wide scope for profitable investment in both blue-chip and selected smaller companies.

Don't miss the boat. Don't remain under-invested

The leading European economies are characterised by strong economic growth, low inflation and the prospect of falling interest rates.

Although last year saw excellent returns from European unit trusts; there is virtual unanimity amongst financial commentators and investment advisers alike that Europe remains an area of outstanding growth potential for 1986 and beyond.

Surprisingly, however, only a small number of unit trust holders have any investments in Europe. Make sure you achieve your stake in Europe by investing today in the new Britannia European Growth Trust.

Invest now for up to 2% discount

Simply complete the application form below, or call our Unit Trust Dealers on 01-638 0478.

The estimated gross starting yield on the launch price of 50p per unit is 1.5% p.a.

Remember, the price of units and the income from them can go down as well as up.

Take advantage of our launch offer and discount (see below) and of Europe's continuing prospects for growth.

General Information for Investors.
Acknowledgement will be sent and certificates issued within 30 days. Unit prices and yield are published daily in leading national newspapers. Units can be sold back to the Managers at not less than the current bid price calculated to a formula approved by the Department of Trade and Industry.
An initial management charge of 5.25% on the assets (equivalent to 5% of the issue price) is included in the price of units and a service charge at an annual rate of 1% (+ VAT) of the value of the Trust is deducted from the Trust's gross income, although the Trust Deed allows a maximum annual charge of 2% (+ VAT).
The Trust Deed permits investment in traded options and in second markets within the guidelines laid down by the Department of Trade and Industry.
The Trust's income distribution date is 1st April in respect of the period ending 1st February. The first distribution is scheduled for 1st April, 1987.
Remuneration is payable to qualified intermediaries and rates are available on request. Trustee: Midland Bank Trust Company Limited, 119 Old Broad Street, London EC2M 1AQ. Managers: Britannia Unit Trust Managers Limited Telephone: 01-588 2777. Registered Office: 80 Coleman Street, London EC2R 5AD. Member of The Unit Trust Association.

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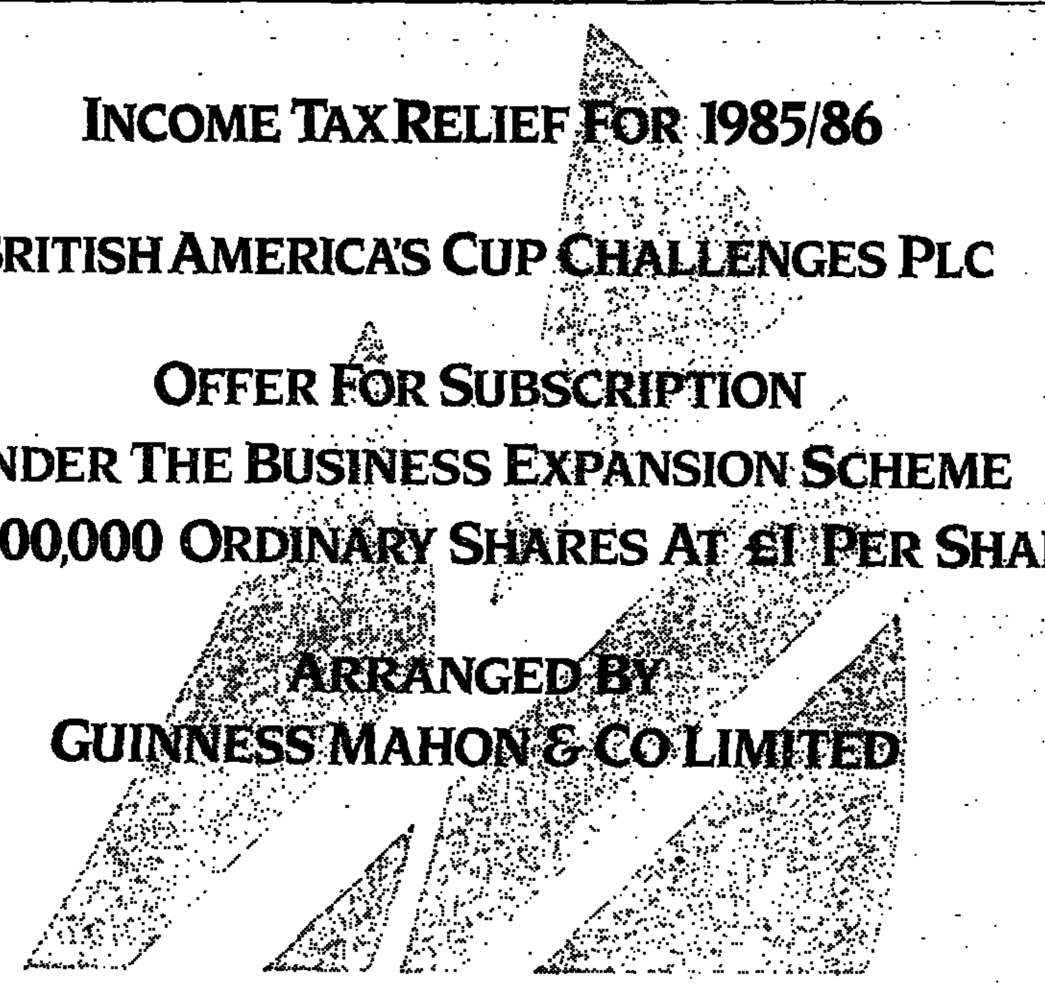

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BFT/2

هكذا منه بالأصل

• FINANCE & THE FAMILY •

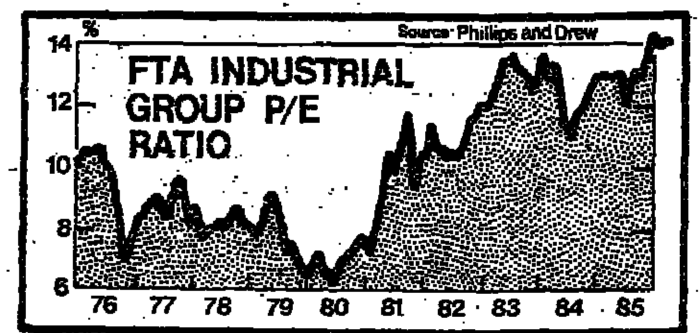
Company profits

Not yet in never-never land

THE CITY of London has gone completely mad. While the British economy shows only faltering growth, share prices boom ahead to new records every day. Feverish speculation is the daily order and England expects every man to get rich quick. It's like the South Sea Bubble — and the result will be the same.

Well, maybe. But this view of the present bull market misses one important point. The profitability of British industry — or, at any rate, of its survivors — has been transformed during the past few years, and the outlook is for further substantial growth in profits over the next 18 months or more.

Since the early 1980s, real average earnings in the UK have been rising more slowly than output per head — a result in large measure of the big shake-out in employment. The result has been that labour's share of the national income cake has fallen, and the main counterpart of this decline has been a rise in the share of profits. This is now higher than at any time since the early 1970s.



According to the National Institute Economic Review, published this week, profits of industrial and commercial companies (excluding oil) represented 19.1 per cent of final output in 1981. By 1985, the proportion was up to 28.5 per cent, which is an enormous increase when expressed in terms of pennies per share.

This trend might now be set to change. Productivity growth is not what it was, and real earnings are rising, so a bigger share of the national cake could go to labour. But the momentum of profits growth looks set to continue, and the prospect for most companies has been significantly improved by the fall in oil prices.

This brings a double benefit. First, it will contribute to a sharp fall in the cost of raw materials, which should more than offset the rise in labour costs. Second, the bulls argue, lower oil prices should have a strongly positive impact on the level of world economic activity over the next couple of years.

Moreover, it looks as though the British Government has successfully resisted the pressure to push interest rates still higher to protect the pound. Add to this the benefit of a lower rate of sterling compared with key continental currencies, and the result is a potent brew so far as company profits are concerned.

Broker Phillips and Drew recently raised its forecast for industrial profits growth this year from 12 to 15 per cent, and some other forecasters go a good bit higher than that.

Looking further ahead, the optimists suggest that next year's Budget could produce the big tax cuts that were originally anticipated in 1986. And they hope that consumer spending will be rising briskly ahead of the general election which will by then be looming over the horizon.

On this basis, present share prices are not as outlandish as they might seem. On the basis of 1986 profits, the price earnings ratio for the market as a whole could be around 12, which would be comfortably within its range in recent years. And with the percentage annual increase in dividends running well into double figures, the gap between the yield on equities and the yield on gilt-edged stock should start to look a lot less daunting than it does at present.

Of course, things could go wrong. The oil market is highly unstable. The international banking system faces severe tests in the coming months. At home, the political scene might become more uncertain. Any deterioration in market sentiment could have a brutal impact on share prices, given the present level of speculative excitement. But although share prices are now discounting an awful lot of good news, they are not yet in never-never land.

Richard Lambert

Lucy Kellaway on new issues

Behind the scenes at the ballot

YOU APPLY for shares in a hot new issue, and find that the rest of the world has done likewise. The shares are allocated by ballot. You are unlucky and end up with none.

If this sounds familiar, you may be wondering whether you are doing something wrong to be so consistently passed over. Would you increase your chances by getting your broker to apply for you? Or by sending the glossy prospectus form, rather than a scruffy piece of newsprint torn out of the paper? Would sending in your form on scented paper help?

Disappointed investors are good at finding conspiratorial reasons for missing out. It only takes a hint that all is not right to attract a whole series of claims from investors that they have been unfairly discriminated against.

In the ballot for Wellcome shares last month there were many complaints that forms sent in early had been given preference over those delivered at the last minute. The Midland Bank, which was responsible for the ballot, insists this didn't happen.

The Wellcome complaints at least raise the question. What goes on in the ballot? How is it actually done? Does someone stand over a mountain of applications with a blindfold fishing out forms like a lucky dip?

In the vast majority of cases ballots seem to be conducted with scrupulous fairness. All of the big four clearing banks claim that they have got their balloting down to such a fine art that there is nothing to be gained from modifying the timing or type of application, everyone has an equal chance of success.

As the forms begin to come in they are sorted according to the number of shares applied for, tied up into packages of 50 forms, and stacked neatly on racks in rooms containing nothing but rows and rows of shelves.

In the more succesfsul issues a deluge of application forms comes in on the day the lists close and is sorted in the same way. When the counting is finished the merchant bank, in conjunction with the client, decides on how best to distribute the shares. In privatisation issues a ballot is generally avoided, both in the interests of creating as many shareholders as possible, and to remove a politically unpopular element of chance from the procedure.

By contrast, nearly all heavily oversubscribed private sector issues will be balloted. It is expensive for companies to have extensive lists of private shareholders, and they may prefer to have their shares predominantly held by institutional investors rather than by individuals.

The merchant bank presents the basis of allocation to the receiving bank, whose responsibility it is to carry it out. Suppose that applicants for 100 shares will be decided by weighted ballot with a one in 25 chance of success. Each folder will be taken down from the rack, the piles of 50 forms will be laid face down on a long table, and two will be selected at random.

The successful forms are then checked to make sure they have been filled in correctly. It seems that surprisingly few are done wrongly, to judge from the mere 50,000 rejects out of the 2m applications for shares in British Telecom.

The ballot is usually overseen by a notary, who provides a certificate to provet hat it has been done properly. While banks are not obliged to use a notary, most do so as it protects them from the inevitable complaints from disappointed investors.

Neither the merchant bank handling the issue required by law to distribute shares by a fair ballot. New issue prospectuses contain a clause that allows the merchant bank to allocate the shares as it sees fit. There is nothing to stop it giving shares only to unmarired mothers or to people whose names begin with Q. "If the system was abused, the rules would have to be tightened up," says Marcus Aigus from Lazard Brothers, which handled the recent Britoil offer, "and so we all do our best to make sure it works properly."

Open season declared on stags

THE GOVERNMENT would like to wipe out the stag. In spite of its efforts, this breed of opportunist investor, who backs new issues with the sole purpose of making a quick profit, refuses to die.

The hallmark of the stag is the multiple applications that it showers on any attractive new issue. A serious stag will submit several hundred forms; indeed, one investor in Wellcome claimed to have put in as many as 1,500.

While they may be getting more prolific, stags do not seem to be becoming more sophisticated. The most naive put in multiple forms bearing identical names, addresses, bank accounts and signatures, while others use thinly disguised identities. The most efficient use a wide variety of bank accounts as well as different names and addresses, but even these cannot easily circumvent the problem of the signature.

If the stags have few watertight methods of disguising their applications, banks have equally few ways of hunting them down. Their processes seem haphazard and unscientific, with most of the detective work done by human hand and eye.

The banks' primary defence is the memories of its clerks who sort the forms, and try to spot repeated names, addresses and signatures. Clearly then, the better the forms are disguised, the greater the chance of them slipping through unnoticed.

But the banks say they have other means of spotting multiple applications which they guard jealously. "If I tell you how we do it, stags would be forewarned," said the head of the registrar's department in one large bank.

One of the main constraints is time. Given that the whole process of sorting and counting has to be done as quickly as possible, there is little scope for exhaustive cross-checking of names and signatures.

While in most new issues this may not matter much, in government issues (where half the point of the exercise is to create as broad a base of shareholders as possible—it matters a great deal. The Government has threatened to prosecute multiple applicants in privatisation issues for fraud and has employed auditors to conduct careful searches for duplicates after the shares have been allocated.

This can take a long time—in the case of British Telecom, stags were still being sought out nearly a year after the initial flotation.

It is not just the forms submitted by the private investor that were picked through. Those put in by stockbrokers in nominee names were also subjected to close scrutiny. In cases where brokers had put in forms for almost all of their nominee account numbers, checks were made to establish that behind each nominee account was a genuine investor.

Clearly such thorough examinations are not possible in an ordinary flotation. The quickest and most efficient way of catching stags, short of mounting an ex-post Telecom style search, is to vet the applications as they are delivered.

Most hardened stags put in forms by the suitcase load on the last day, so by intercepting each person as they hand in the forms the grossest multiples can be rejected immediately. Anybody who keeps on joining the back of the queue to represent himself with another form is bound to be recognised before too long.

Kleinwort Benson implemented this system to some effect in the Laura Ashley issue. According to David Clementi, a Kleinwort director, "it's like the end of the London Marathon—you put the runners into a funnel and, by doing that, you don't lose them."

L. K.

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Newcomers

A wide and welcome choice

UNLESS YOU took the eccentric step of choosing the Throgmorton USM unit trust as your sole investment among this year's stock market newcomers, your 1986 track record will be looking adequate, almost irrespective of your selection.

It is not really surprising that, against a background of a sharply rising stock market, investors have welcomed new issues, with most of them now standing more than 10 per cent above their issue prices.

There has been a wide range of companies from which to choose, ranging in size from £6m to £1bn and occupied in making plastic boxes or parking meters, selling car parts, or doling out investment advice. Asset backing has been as solid as buildings or as flimsy as unwritten musicals.

By far the most successful new issue has also been the largest: Wellcome, the international blue chip drugs company. When the issue was priced, few expected that within a couple of weeks it would be showing a profit of more than 40 per cent. But market conditions have been even kinder to Wellcome than to other issues—the whole chemicals sector has been breaking successive high points, led forward by bubbling bid rumours.

NEW ISSUES

Company	Business	Issue price	% change
Brookmount	Irish property	160p	13
Klearfold	Plastic packaging	118p	0
Macro 4	Computer systems	105p	38
Microsystems	Parking meters	127p	6
PPL	Computer systems	145p	14
Really Useful	Musicals	330p	11
Spice	Car parts	80p	11
Templeton	Fund managers	215p	2
Throgmorton USM Trust	Investment trust	100p	−2
Wellcome	Drugs	120p	43
Wickes	DIY supermarket	140p	4

One theme emerging among the latest new issues is the rehabilitation of electronics stocks. Even dreaded computer companies, which gave investors such a rough ride last year, seem popular again, partly because cautious sponsors have been pricing these issues on multiples that acknowledge last year's disasters.

Both of the most recent computer companies, PPL and Macro 4, have been well received. Macro 4 has done particularly well—the company is engaged in mainframe systems software, one of the few untarnished computer markets—as yet, anyway.

Of the poor performers, only Klearfold comes as a surprise. The company has a good product—a superior alternative to the blister pack in the form of a flexible plastic display box—and has a strong track record. Perhaps investors have shunned this company because of its American nationality.

Indeed, Templeton, the other foreign entrant, and the second largest issue so far this year, hash also received a lukewarm response. Trading in the shares began at the end of the week at a small premium, although this was not unexpected: the US fund manager seems to have been rather greedily priced relative to its UK counterparts. However the price might bounce when the ban on US buying is lifted in about three months.

A strange feature of the new issue market this year seems to have been the modest number of USM newcomers—only four compared with 10 in the first two months of last year. Some of these seem to be finding their way directly onto the main market: two of this year's main market entrants have been halfpint-sized—Klearfold was floated at about £15m while PPL was valued at about £9m, tiny for a full listing.

Meanwhile, the USM has been attracting some big companies with Wickes, the DIY retailer, valued at about £46m. The company chose the junior market because its Californian parent, Wickes Companies Incorporated, wanted to sell only 10 per cent of its shares.

Lucy Kellaway

IN THE NEWS

THE CO-OPERATIVE BANK, pioneer of "free" banking, has taken the concept a stage further with the introduction of a new revolving credit (save and borrow) account which does not charge for any transactions. The new Freeflow acount gives you automatic access to an overdraft of up to £3,000 and pays you interest of 7 per cent net if the account is in credit.

To operate a new Freeflow account you decide how much you want transferred each month from your current account—a minimum of £20 and a maximum of £100. You then have instant access to an overdraft of 30 times this amount, so that a customer transferring £40 a month would have an immediate credit line of £1,200. The interest charge will be 2 per cent (26.8 per cent APR).

The account can be run with any bank's current account.

●

BARCLAYS BANK has set up a new financial planning service aimed at helping Britons going to work overseas. Based in Jersey, the Expatriate Advisory Service will be available through the 37 UK area offices of the bank's trust company, in conjunction with local Barclay's Bank branches.

●

MATRIX, the long-awaited network of automated teller machines set up by seven top building societies, went into operation this week.

Three societies, the Anglia, Bradford and Bingley and Leeds Permanent, launched the system on Wednesday with 120 fully shared machines. The Woolwich Equitable will join the system later this month.

Each society is to issue its own Matrix cards, which can be used to withdraw up to £250 daily.

●

SIR SPEEDY Printing Centres is seeking to raise £2m under the Business Expansion Scheme, of which £300,000 has been underwritten by Montano Securities, the US securities dealer sponsoring the issue.

Sir Speedy has acquired the European franchise for a high street printing operation developed by a US company, Sir Speedy Inc, which runs 600 printing centres in North America.

The directors are projecting three years of start-up losses, with a £1.6m taxable profit on sales of £21.2m in the 12 months to September 1989.

Mortgages

Banks take offensive

THE BATTLE to lend mortgage funds is hotting up with the major clearing banks taking the offensive. Lloyds led the way by abolishing its endowment premium for new borrowers and the other three—Barclays, Midland and NatWest—have this week gone one better in abolishing them for existing borrowers, too.

In the case of Barclays, which has been charging twice the premium of the others, the interest paid by borrowers will be cut by one full percentage point. All the clearers will now charge 13 per cent for endowment mortgages although on an APR basis their rates will vary slightly, Midland being the cheapest with 13.7 per cent.

The new rates came into effect immediately for Barclays borrowers, old and new, and for new ones at the Midland and National Westminster. Midland's existing borrowers will have to wait until April 1 but NatWest's will enjoy the benefit from today.

Lloyds continues to say it has no plans to help existing borrowers but it is unlikely to be able to resist the pressure from its main competitors. The leading foreign banks in the market such as Citibank, Chemical Bank and United Bank of Kuwait abolished their endowment premiums a long time ago and have been attracting more and more clients.

Building societies will also have to bow to the inevitable and abandon their endowment premiums. Most major societies charge a 0.5 per cent premium above their repayment mortgage rate of 12.75 per cent. But the societies will be forced to do so, just as last year the major ones had to dismantle the differential system under which they charged more for larger mortgages.

As new entrants into the market, the foreign banks went for the top end of the market, by limiting their lending to large mortgages and, in some cases, introducing reverse differentials where a lower interest rate is charged for bigger loans.

In doing so, they forced the societies to move to a flat rate for all sizes of loans. The Bradford and Bingley is the only major society which still imposed differentials.

Endowment premiums are not the only weapon being used by the clearing banks to compete with building societies and other lenders for mortgage business. Midland took the most aggressive stance this week with a cut price package called Homeowner Plus which will be on offer over the next three months.

Any new borrowers who go to the Midland during this period will get a half percentage point cut in their mortgage rate for the first year and a £50 payment towards professional fees. This will not be limited to first time buyers. Those transferring mortgages to the Midland from another bank or building society will pay no valuation or legal charges.

Other incentives include an interest- and commission-free Home Management Account to help even-out bills during the first 12 months of the mortgage. For house-hunters, Midland will also provide a mortgage certificate which guarantees funds will be available for three months.

Setting aside another £1bn which it wants to lend for house buying, Midland will now extend mortgages on second homes and has scrapped its previous minimum limit of £15,000.

The other clearers are not offering quite such a good deal but have introduced additional sweetners. NatWest has stopped charging now for pension mortgages and has increased the amount it will lend on a property from 80 per cent to 95 per cent for first time buyers (the same as Barclays) and to 90 per cent for other borrowers.

It will now also give loans of up to three times earnings, bringing it into line with Lloyds and the Midland. Barclays has limited its additional incentive to doubling the ceiling on its mortgages to £200,000.

Margaret Hughes

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The Management Team have many years of actual experience in the property development and building industries. Their main reward comes from maximising net asset growth to the benefit of shareholders. Maxwell Creasey (non-executive Chairman) recently retired from being Deputy Managing Director of MEPC plc.

Tax Relief—The Company began trading in September 1985 and so investors should receive their tax relief certificates without delay.

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**Money Management figures to 1st February 1986. Offer to bid, including net reinvested income.*

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The investment policy of this Trust is to provide capital growth from an actively managed portfolio consisting of shares of smaller companies and carefully selected special situations.
These could be companies that have fallen on bad times, but are now turning round; they could be companies that look ripe for a take-over or perhaps companies with new, innovative products.
We also have the power to invest up to 25% of the Trust in USM stocks, as well as in traded options in accordance with the guidelines set by the Department of Trade.
You should remember that the price of units and the income from them can go down as well as up.

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Vanguard Trust Managers is the wholly owned subsidiary of stockbrokers Capel-Cure Myers, one of the City's most quoted and authoritative sources on investment topics. They currently look after over £1 billion of funds on behalf of institutional, private and pension fund clients. Since 1985 they have been a member of the ANZ Group, a major international bank with a worldwide network of offices and with balance sheet footings exceeding US$30 billion.

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Trustee: Royal Bank of Scotland plc, 13/17 Old Broad Street, London EC2.
Managers: Vanguard Trust Managers Limited, 65 Holborn Viaduct, London EC1A 2EU, telephone: 01-236 3053. Member of the Unit Trust Association.
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Schroder European Fund

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No real escape from the taxman

RESIDENT Abroad magazine estimates there are 2m British expatriates worldwide. Obviously, the desire to travel is in the nation's blood; a relic, perhaps, of the days of exploration and empire. But there might be more mundane reasons too—the greater rewards available overseas combined with a means of escape from the demands of the British Treasury, although the latter is not a foregone conclusion.

Short periods of work overseas, for example, do not now give rise to any tax relief at all. On the other hand, a person employed abroad during a "qualifying period" of absence exceeding 365 days (whether in a single tax year or not), and whose UK visits do not exceed 62 consecutive days (or one-sixth of the days in the period) will achieve exemption from British tax on his salary.

The need not to visit Britain for more than 62 consecutive days is easy enough to understand. Unfortunately, that cannot be said of the "one-sixth rule." The position must first be tested when there is a "sandwich" of absence/visit/absence. Further checks need to be made on a cumulative basis from the original date of departure for each additional visit/absence.

If at any time the total period spent in Britain amounts to more than one-sixth of the days since departure, the qualifying period is broken; and should it amount to fewer than 36 days, the earnings up to that point will be fully taxable.

By contrast, those who become non-resident in Britain, bring about a complete change in the basis of their liability to tax. This happens when the period of employment overseas exceeds a complete tax year (April 6 to April 5), and UK visits exceed neither six months in any one tax year nor three months on average. Once again, the self-employed are treated less favourably since they might have to satisfy a similar test over a three-year period.

Achievement of non-resident status signals immediate termination of British tax liability on all foreign income—not just the overseas earnings. But that is not true of income from many British sources which remain chargeable to tax—without the benefit of personal reliefs. Happily, there are exceptions to both these statements.

Non-residents are exempt from tax on income from certain holdings of gilts, UK deposit accounts and — with effect from April 6 1986—building society accounts, too. Furthermore, they do qualify for the usual allowances and reliefs in the broken year of departure, which often results in a refund of the tax deducted from any UK salary in the earlier period. Indeed, some expatriates retain the right under the MIRAS scheme, to deduct tax at 30 per cent from any mortgage interest they pay.

The benefits of non-residence from a capital gains tax point of view are even more marked than for income tax since liability ceases altogether from the day that non-residence status begins, even in relation to British gains.

Indeed, once the status is achieved, many tax-planning opportunities beckon. The more obvious include investment of funds overseas with a view to generating exempt rather than UK-liable income, and realising otherwise chargeable capital gains whilst non-residence continues.

However, those expatriate families who retain a home for their use in Britain must take care not to overlook the fact that while the husband is non-resident, his wife might not be.

She will remain within the UK tax net in respect of any income and gains of her own for any tax year in which she visits Britain unless she has full-time overseas employment or a business.

Such separate treatment is not necessarily without advantage. On the contrary, the position could be improved if the available reliefs can be set off against UK income (eg, letting profits) which would otherwise have been taxed at a flat 30 per cent.

Non-residence, of itself, does not eliminate the expatriate's potential liability to capital transfer tax. Nothing less than a change of domicile, brought about by emigration will achieve that result. Consequently, in the great majority of cases the expatriate's escape from the British tax system is at best incomplete.

Donald Elkin

From Page I

row could not make an investment.

The depression was dispelled almost immediately by a meeting on November 23 at which two of its potential investors — Donald Main for THF and Forster for Bricom — got together for the first time. Highly provisional pledges of £2m each appear to have emerged from the meeting. On November 26, Shah met Sir Hector Laing, chairman of United Biscuits and a supporter of right-wing causes (he had recently helped to set up a fund for working miners). He said he could not help Shah himself but provided financial contacts in Scotland.

Shah had by now registered News UK as a company. The name is a conscious reference to News International, the company of Rupert Murdoch — the press baron of whom he is fondest and models himself on most closely. Shah had also been in touch with a number of transport and distribution companies about possible distribution plans. He commissioned the Australian company TNT to do a full study: but when he discovered its indirect links with Murdoch (through shared ownership of Ansett Transport Industries) he pulled out. Despite his admiration for Murdoch, Shah had no illusions about their potential rivalry. Ironically, a year later, Murdoch used the same plan for his own alternative distribution network from Wapping.

On December 19—10 months after that first meeting in the Savoy — Shah met Andrew Neil again for lunch. There was a lot to tell him. Shah had earlier asked him if he would be his editor and, although attracted by the idea, Neil said he had not been at the Sunday Times long enough — only about 14 months at that point. While they were eating, Michael Heseltine, the Defence Secretary, came and sat at the next table and said a brief hello to Neil. He either did not recognise Shah or deliberately chose not to greet him. Shah's irritation at being, he believed, once again "snubbed" by the political establishment neatly pinpoints his schizopherabic attitude to power — at once refusing the traditional proprietor's mantle and yet seeking recognition.

In January, 1985, the last two major investors were hooked up. Shah was introduced to Angus Grossart of the Scottish Investment Trust and, on a tip-off from McWhirter, he had also started talking to the McAlpine building family. By the New Year Shah had begun to think more seriously about phase two: ordering presses and equipment, looking for sites, editorial and advertising strategies. Through January and February he was shedding one group of advisers and acquiring another.

Those now on the scene included Brian Nicholson, 55, who had resigned as joint managing director of The Observer in October and Charles Wintour, 68, a former editor of the London Evening Standard and now editor of the journalists' trade magazine UK Press Gazette. Nicholson's contacts—especially in the advertising world—are superb.

A chubby, jovial man, Nicholson had been brought into the Shah camp by Dowson. He met Shah in London on January 31 1985, and was bowled over by his charm and exuberance. As with several other apparently hard-headed newspaper men, Shah appeared as a magnificent liberator. "I left that meeting feeling that everything I had hoped

Shah's secret year

for could be about to happen," Nicholson remembers. "When I think of the crazily disproportionate time I have spent in union meetings over the past 20 years, it makes me want to cry sometimes. And here was Eddie—with such vitality and drive—I never doubted for a moment it could work. And I wanted to do everything I could to help."

Nicholson was in an excellent position to do so, not only arranging informal meetings with members of Fleet Street's advertising and editorial élite, but also more formally, through his job at the head-hunting firm Robin Marlar Associates. He immediately began looking for the senior editorial team for the paper.

In the final weeks of the "secret year," during the early part of 1985, Shah turned his attention to financing the four presses he initially planned to buy, easily the biggest single element in the start-up costs. They were looking for

The investors were obviously attracted by the potential profit — but for some the decision was prompted by political commitment.

a straightfordward loan-financing agreement — but it proved difficult to find.

The rescue came from an improbable source. After 12 months of trudging around the capitalist City of London receiving generally noncommittal responses, Shah now secured his swiftest and most positive pledge from the communist Hungarian International Bank.

The bank — the London subsidiary of the Hungarian National Bank—had been suggested by Eric Tanzer of Pershke Price, the agents for German press manufacturer MAN Rolland (whose presses Shah had already decided to buy). "It was an extreme piece of good fortune that we found them because it seemed unlikely that anyone else would be interested," says Templeton. Tim Newling, the very British managing director of the bank, also turned out to have links with Templeton's firm. After only two meetings, a provisional agreement was signed pledging the bank to raise —at the head of a consortium — about £6.5m to pay for the four presses: money that would then be paid back in instalments over five years. Shah had already paid £1.5m deposit.

The Hungarian deal tied the final strings in Shah's financial package. The formal celebrations to mark the signing of the equity deal began a little earlier, on the afternoon of February 19 1985, when 25 men enjoyed a quiet drink together in the austere, modern City offices of Coward Chance. They raised their glasses to toast an agreement which had pledged 10 organisations to raise £8.5m to fund a new company —an ordinary enough deal by the standards of that neighbourhood.

Most of the businesmen, lawyers and accountants present seemed oblivious to the potential significance of the occasion —and they didn't exchange pleasantries for long before hurrying on to other meetings or back to their offices. As they stood briefly sipping their white wine, they might have reflected upon what an unusual corporate gathering this was. In one corner was George Proctor, senior legal officer of THF, one of the largest and best-known companies in the UK, chatting to Norris McWhirter's lawyer: THF had signed over £2m; McWhirter's company, Novel Press, had parted with £100,000. In another corner John Skeffington, the finance director of Bricom's £400m annual turnover, was saying goodbye to Chris Barton, the finance director of £45m turnover Portsmouth and Sunderland. Bricom had committed £2m—PSN £½m.

The six other companies which signed along the dotted line that afternoon were: Ivory and Sime £2m; Scottish Investment Trust £1m; MacAlpine £¼m; Candover Investment Trust £100,000; Richmade (a company specially constructed by Templeton for some of Shah's friends, including Lord Harris and Brian Nicholson, to invest in the project) £50,000; and finally, Shah himself and the Messenger were putting in £250,000, £50 000 of which was Shah's own money.

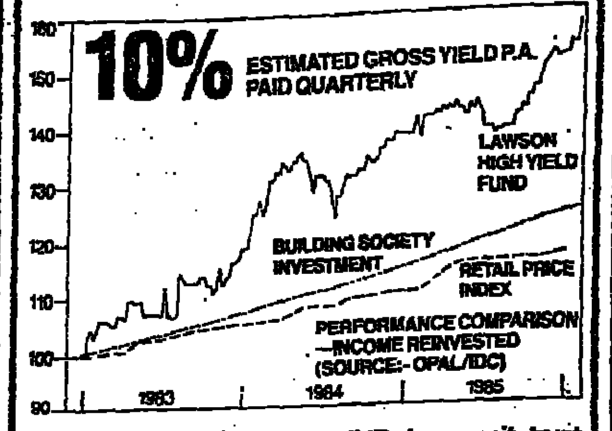
The investors were obviously attracted by the potential profit — but for some the financial decision was prompted by political commitment. Irrespective of his own eclectic politics and the expected centrist stance of the paper, a part of the "corporate right" has been drawn to the romance of a project which represents so boldly the old-fashioned, free enterprise virtues. To them, Shah is to the national newspaper industry what Mrs Thatcher is to the wider body politic —an invigorating attempt to shake off years of corporate compromise and decline.

Trust House Forte, Bricom and McAlpine are all well-known for their strong support of the Conservative Party. Some of the other investors are not so easy to pigeonhole politically. Ivory and Sime, Scottish Investment Trust and Candover are less interested in politics than in acceptable risk and reward. The presence of blue-chip THF and Bricom persuaded them to look at the figures—they appeared exciting — so they joined in. But this youthful and highly contemporary newspaper would not have been possible without the succour of three elderly Tory peers: Lord Taylor, Lord Forte and Lord Cayzer, the chairman of Bricom.

The one man who had not taken a glass of the wine now stood by the door saying goodbye to the investors. As he himself prepared to leave the office, he looked weary and felt the first tremors of another cathartic breakdown similar to that he had experienced at the end of Messenger dispute. Shah spent the next two days in his room at the Grosvenor House Hotel, alternately sleeping and sobbing uncontrollably.

● *Based on Eddie Shah and the Newspaper Revolution, by David Goodhart and Patrick Wintour, Coronet Books*

LAWSON HIGH YIELD



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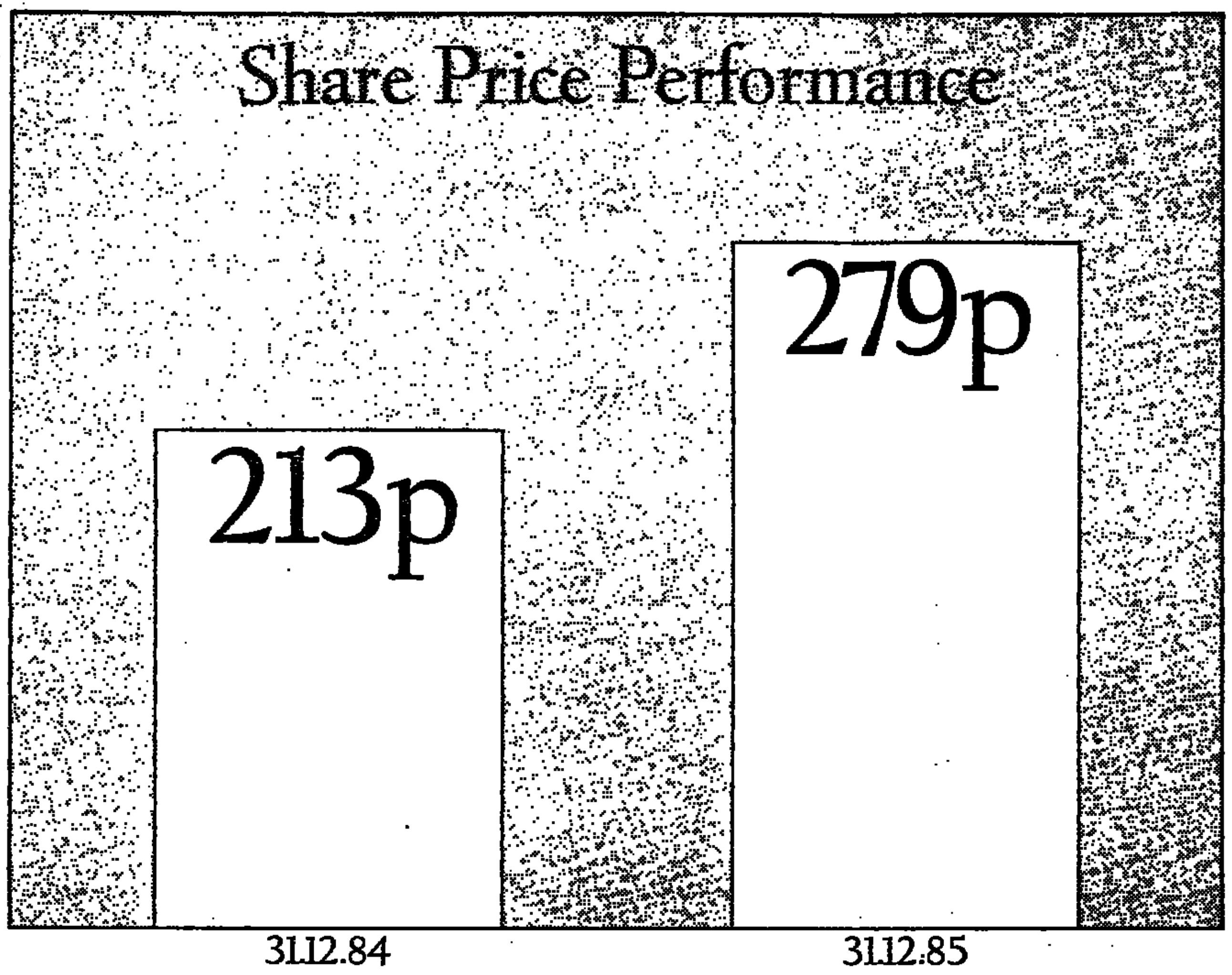

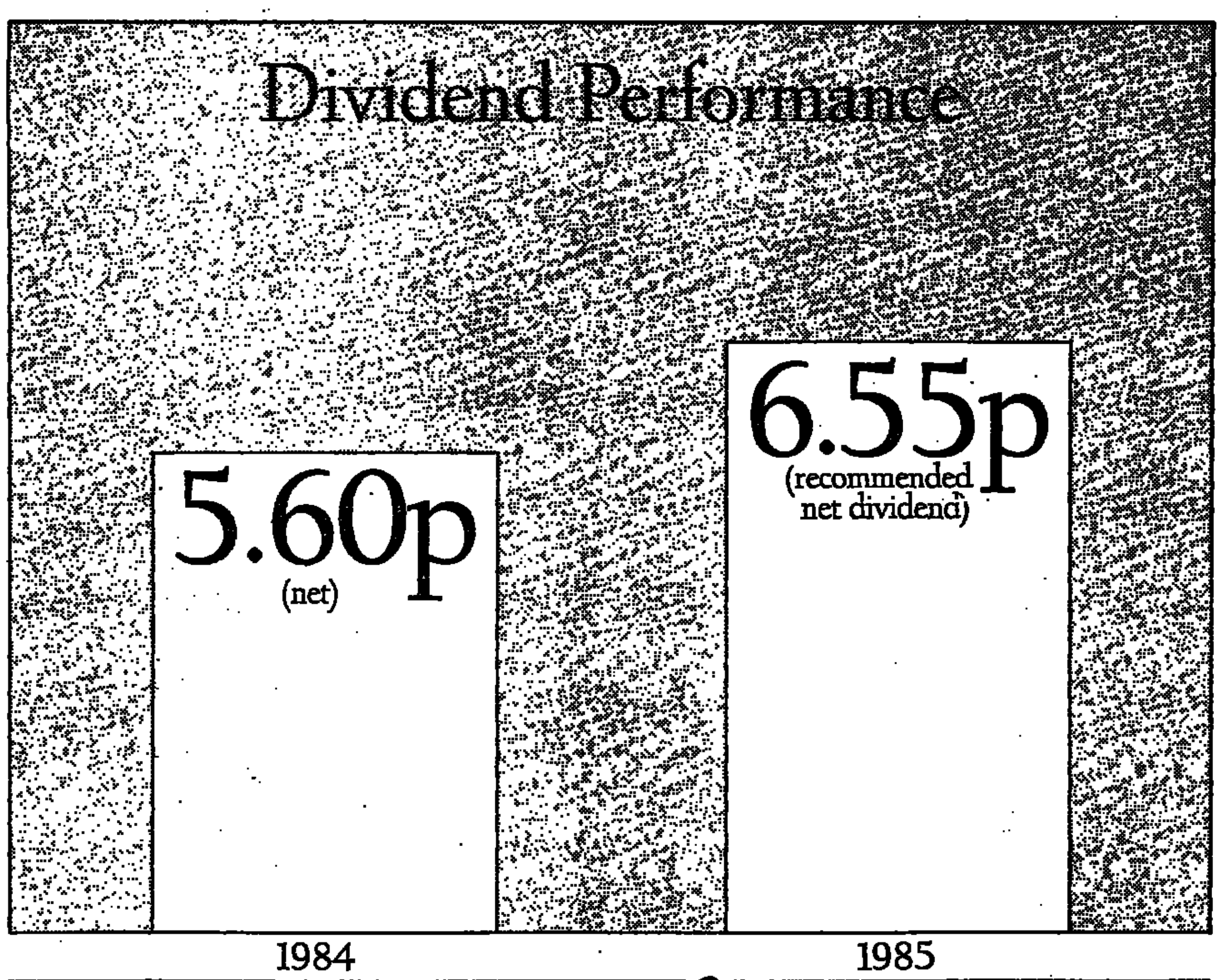

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* Source AITC statistical survey of share price performance with net income reinvested.

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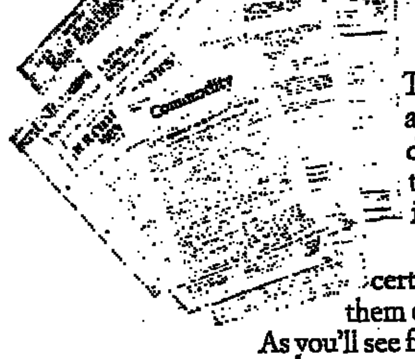

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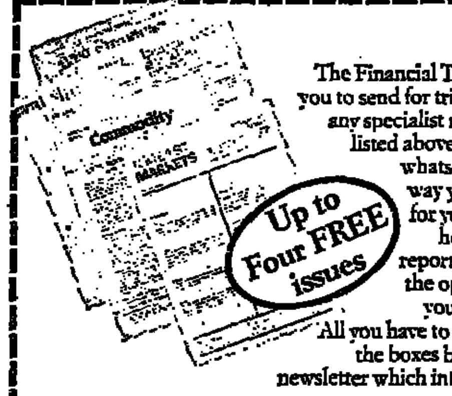

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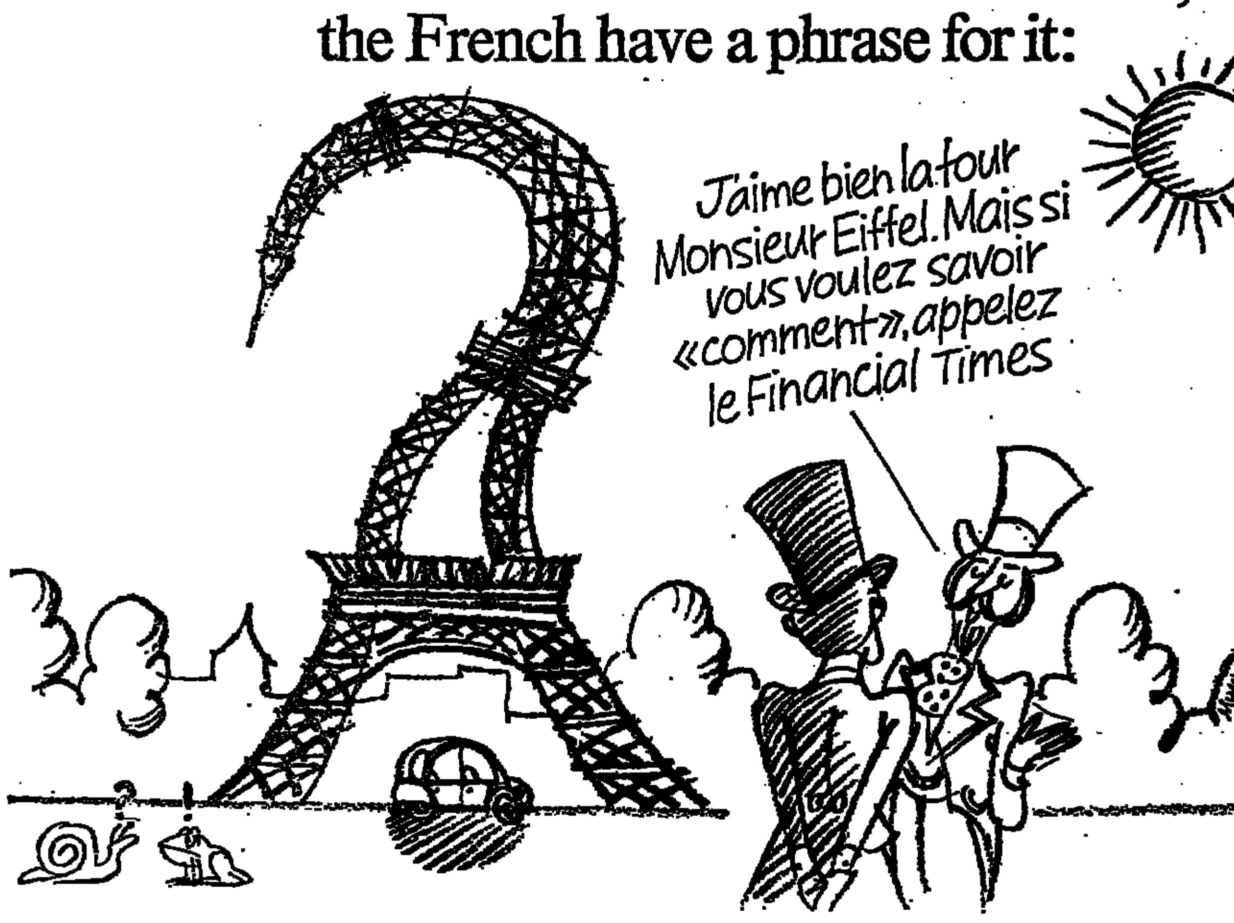

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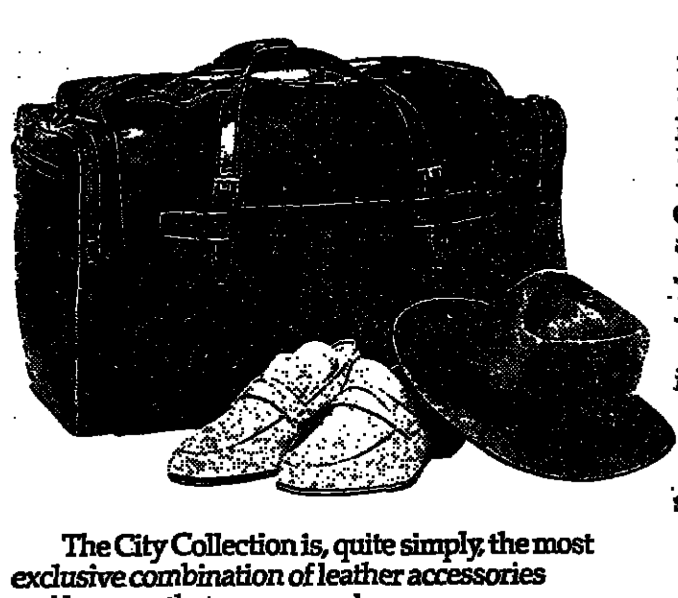

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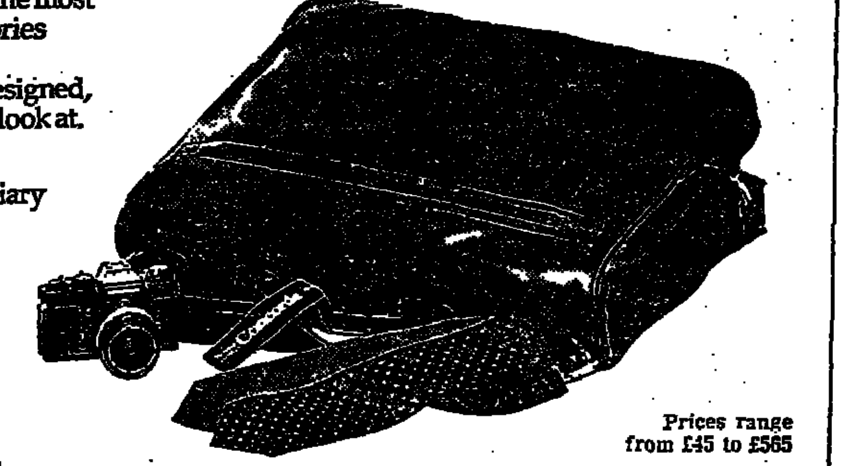

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Currencies

EXCHANGE RATES AND PURCHASING POWER PARITIES	Current rates	% from median	Median PPP	Range of PPPs
Main "Bloc" Rates:				
Yen/US$	186.0	8.1	201	169-253
DM/US$	2.36	23.6	1.91	1.65-2.59
Yen/DM	78.8	26.9	100	82-107
European Cross Rates:				
French franc/DM	3.07	9.4	3.36	3.19-3.42
French franc/Sterling	10.28	7.2	9.59	8.64-12.10
DM/Sterling	3.35	19.2	2.81	2.58-3.76
Other "Mid Atlantic" Rates:				
French franc/US$	7.24	12.2	6.45	5.60-8.30
US$/Sterling	1.42	0.7	1.43	1.27-1.89

Source: Amex Bank Review.

Real worth is so elusive

NO ONE imagines that there is such a thing as a "just" or "correct" share price for a quoted company: the price is dictated by all the eddies of [illegible]m, the currents of fashion, and the climate of confidence in the stock exchange. Nevertheless, we all like to create yardsticks to put share prices into context. So we look at price-earnings ratios, dividend yields and net assets per share to get some *sort of "feel"* for a share price.

The same holds true for currencies. We know that a floating rate *exchange* rate system does not operate through a process of logic, but we still value some sort of context in which to judge an exchange rate. In business it would help to steer us towards exporting or purchasing opportunities; as private individuals, to steer clear of expensive holidays; or as investors to pick likely winners and losers among companies with *significant exports* and imports.

Purchasing power parity, or PPP, is one which yardstick. PPP, is one such yardstick. As its name implies, PPP is the exchange rate at which a given amount of a currency will buy the same quantity of goods and services *at home* and in the foreign country in question. The PPP is not, except in the very long term, what an exchange rate "ought" to be: flows of savings are more important in determining exchange rates than flows of goods, so it is a poor forecasting tool. But PPPs do help us *understand the impact* of exchange rates on the real world.

For example: a year ago an unprecedented *flow* of savings from the low interest rates of Japan to the high interest rates of the US had pushed the dollar exchange rate up *to* Y250. At this rate a small *four-door* saloon car which sold at $7,500 in the US would cost Y1.875m in Japan. Unfortunately for a would-be US car exporter such cars *sold for only* Y1.35m in Japan. Result: Japanese car exporters could make an absolute killing in the US.

Today, as a result *of an* upheaval in the exchange markets, the US dollar has fallen to around Y185—slightly below the best guesses at the current purchasing power parity of around Yen 200. True to form we find that the US dollar price of the Yen 1.35m Japanese saloon car has risen to around $7,500—*in other words* the Japanese exporter is no longer smiling so broadly, while Detroit is breathing easier.

How do you arrive at PPPs? Alas, this is a pretty subjective business. One approach is to choose a longish period some time in the past as a base and vary it by divergent inflation rates to get the "right" rates today. The problem is that the credentials of the base period *are always suspect*.

Another, intuitively more appealing, approach is to compare the prices of goods and services *in each country and* compute the exchange rate that will equate them. The subjectiveness here lies in what you chose. Take an eight ounce steak, for example. *In the US* steak is cheap. In Japan it sells at caviar-like prices. Steak would yield an eye-opening PPP.

The Amex Bank Review recently published a fairly rigorous analysis of the first sort. The bank's economics team got a computer to take every year *since the start of floating* exchange rates as a "base" year and then to apply inflation rate data to bring them up to date. This research yielded median *PPPs* and a range of divergence around each of them. A selection is in the table above.

On the basis of the Amex median rates the US dollar still has not fallen far enough against the D-Mark (DM 2.24 at the time of writing) to make US goods really competitive *against West German ones*. Equally, the recent weakness of sterling has helped Britain's competitiveness in Europe, but that rate has not come down sufficiently against European currencies to make entry into the fixed-rate European Monetary System painless for British industry. The rate of sterling against the D-Mark would have to come down another 15-20 per cent for PPP to be achieved.

The really striking thing about Amex's calculations is the dispersion of PPPs that it yields. What is needed is a rigorous attempt by the OECD to arrive at PPPs by the second route—that of direct comparison of representative prices in different countries. Such a study would be a real help to governments in trying to advise targets for a more stable monetary system and in trying to understand and soothe trade *relations. And it would help in*dividuals to ward off or exploit the fickle currency rates that the markets generate.

Nicholas Colchester

Retirement ruling

Implications for all

WHETHER you yearn to retire early or would desperately like to keep working and earning beyond the "compulsory" retirement, the European Court of Justice has just handed down a judgment of *exceptional interest*.

Although the judgment strictly applies to retirement *rules in the public sector it has* wide-ranging implications for all employees.

The case hinged on whether *the Southampton and* South West Hampshire Health Authority discriminated against Miss Helen Marshall, a senior dietician, when it asked her to retire at 60 and then insisted that she *go* at 62 whereas a man in the same job would have been able to stay until he was 65.

The court decided that Miss Marshall was being discriminated against on the grounds of her sex and this broke an EEC directive covering all public sector employees.

The immediate implication of the ruling is that whatever age is set for retirement for the 7m *people working in the public* sector it must apply equally to men and women. But the directive does not apply to pension arrangements where discrimination is permitted. So, *if the* retirement age were set at 65 women could work on for five years after they started collecting their state pension. *If*, however, the common retirement age were, say 62, men would be left for three years before they became eligible for *the state pension*.

The EEC directives are not usually legally binding although member states are expected to incorporate them in their national laws. As the legislative process grinds exceedingly slow men close to retirement will have to assume they must soldier on to 65. Women who want to work past 60 will be able to use the judgment to try to persuade reluctant public sector em*ployers to let them stay. But if* they refuse there is little they can do except folow Miss Marshall's footsteps to Luxembourg.

Although at first sight this looks to be a conundrum applying only to the public sector the implications for the private sector are profound as Government ministers and the Confederation of British Industry are anxiously aware. The judgment implies that the 1975 Sex Discrimination Act will have to be amended but, unlike the EEC *directive, that Act cannot dis*criminate between men and women in the public and private sectors.

The problem *of giving* everybody the same retirement age is cost. A common retirement age of 60 would cost the Exchequer *more* than £2.5bn a year, comprising half way at 63 still costs an extra £500m a year. To avoid any extra costs would require all men and women to work *until they* were just over 64 which is no help to those who want to retire early, unfair on women who want to retire at 60 as at present and no help to men and women who want to keep on working as long as they are keen and able.

One idea, which would cover everybody's wishes in both public and private sectors would be flexible retirement within a "retirement decade." This would enable people to stop work when they wanted between the ages of 60 and 70 or 55 and 65.

One problem here is that if more people opted to work *longer* than to go early employment opportunities would be still further reduced, especially *in times of high unemployment*. And in sectors such as the civil service (where the common retirement age is already 60) the present log-jam on the promotion ladder would become even worse if senior people could stay longer.

Robin Pauley

CHESS

AMEY ROADSTONE'S young masters invitation, an annual event since 1981, is well established as Britain's leading weekend chess tournament. The formula is unusual: a £1,000 first prize attracts leading grandmasters and international masters who have to contend with an army of talented juniors all eager to scalp a big name and establish a reputation.

The 66 competitors who travelled last weekend to Uppingham Community College, Rutland, ranged from the current British champion, Jonathan Speelman, to a 10-year-old making his master *debut*.

On the whole experience triumphs at ARC. 1986 was no different. After four of the six rounds, the leaders were grandmasters and international masters. GM Jim Plaskett ran out a clear winner of all six games, the first maximum total *achieved at* ARC. His opening preparation proved decisive in an all-GM game where Mestel's favourite Dragon Sicilian let him down again.

Though losing, Mestel produced two notable ideas. His original concept on moves 17-22 was to recapture with a pawn rather than the normal bishop, utilising that doubled pawn to set up a queen-bishop attack down the long diagonal. At the end, though hopelessly lost, Mestel tried *to create* what would have been a uniquely problem-like drawing mechanism when no fewer than six pawns to the bad.

White: J. Plaskett. Black: A. J. Mestel.

Sicilian Defence, Dragon (*ARC 1986*).

1 P-K4, P-QB4; 2 N-KB3, P-Q3; 3 P-Q4, PxP; 4 NxP, N-KB3; 5 N-QB3, P-KN3; 6 B-K3, B-N2; 7 P-B3, 0-0; 8 Q-Q2, N-B3; 9 P-KN4, B-K3; 10 P-KR4.

Varying from 10 0-0-0, N-K4; 11 P-KR4, B-B5; 12 B-R3, Anand-Mestel, Lloyds Bank 1985, though that brought Black a rapid defeat.

10 . . . Q-R4; 11 P-R5, NxN; 12 BxN, QR-B1; 13 P-QR3, R-B3; 14 0-0-0, KR-B1; 15 K-N1, P-QR3.

Pressure is mounting, but Q-Q1 may be a better choice.

16 P-R6, B-R1; 17 BxN, PxB!?

The normal 17 . . . BxB gives Black a difficult endgame after 18 N-Q5, QxQ; 19 NxB ch, PxN; 20 RxQ, when Black has to con*tend with a weak QP as well as* queening plans based on White's KR6 pawn.

18 N-Q5, Q-Q1; 19 P-QB4, P-QN4; 20 PxP, PxP; 21 N-N4.

Better than 21 BxP, BxN; 22 PxB, R-N3 with counterplay down the QN file.

21 . . . R-B4; 22 B-K2, P-B4; 23 *NPxP, Q-B3; 24 R-QB1!*

Black is trying to rescue his poor position by tactics, but White maintains the grip. If instead 24 PxB? R-B7!

24 . . . B-N6; 25 RxR, PxR; 26 PxP! PxN; 27 PxRP ch, K-B1.

For if 27 . . . KxP; 28 P-K5, QxKP; 29 Q-Q3 ch, K-N1; 30 QxB, QxB; 31 R-N1 ch, K-B1 (K-R2; 32 QxBP ch mates); 32 QxNP ch, K-K1 (or Q-K2: 33 R-N8 ch); 33 R-K1 wins the queen.

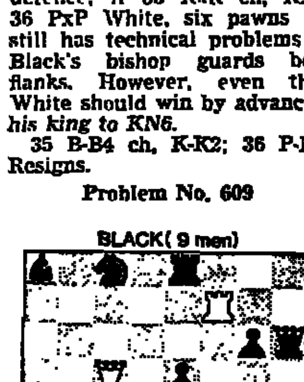
28 QxP ch, Q-K2; 29 QxB, Q-B4; 30 Q-N4, QxQ, 31 PxQ, P-B4; 32 R-N1, K-B2; 33 BxP, *B-Q5*; 34 R-N8, R-KB1.

Amid a profusion of lost pawns, Black has set up a witty defence; if 35 RxR ch, KxR; 36 PxP White, six pawns up, still has technical problems as Black's bishop guards both flanks. However, even then White should win by advancing *his king to KN6*.

35 B-B4 ch, K-K2; 36 P-N5, Resigns.

Problem No. 609

BLACK (9 men)



WHITE (6 men)

White mates in two moves, against any defence (by M. Keller). When today's problem was pubished some years ago in Germany, dozens of readers *claimed* "no solution" while many more selected the wrong key move—so be carefl!l.

Solution Page XIX

Leonard Barden

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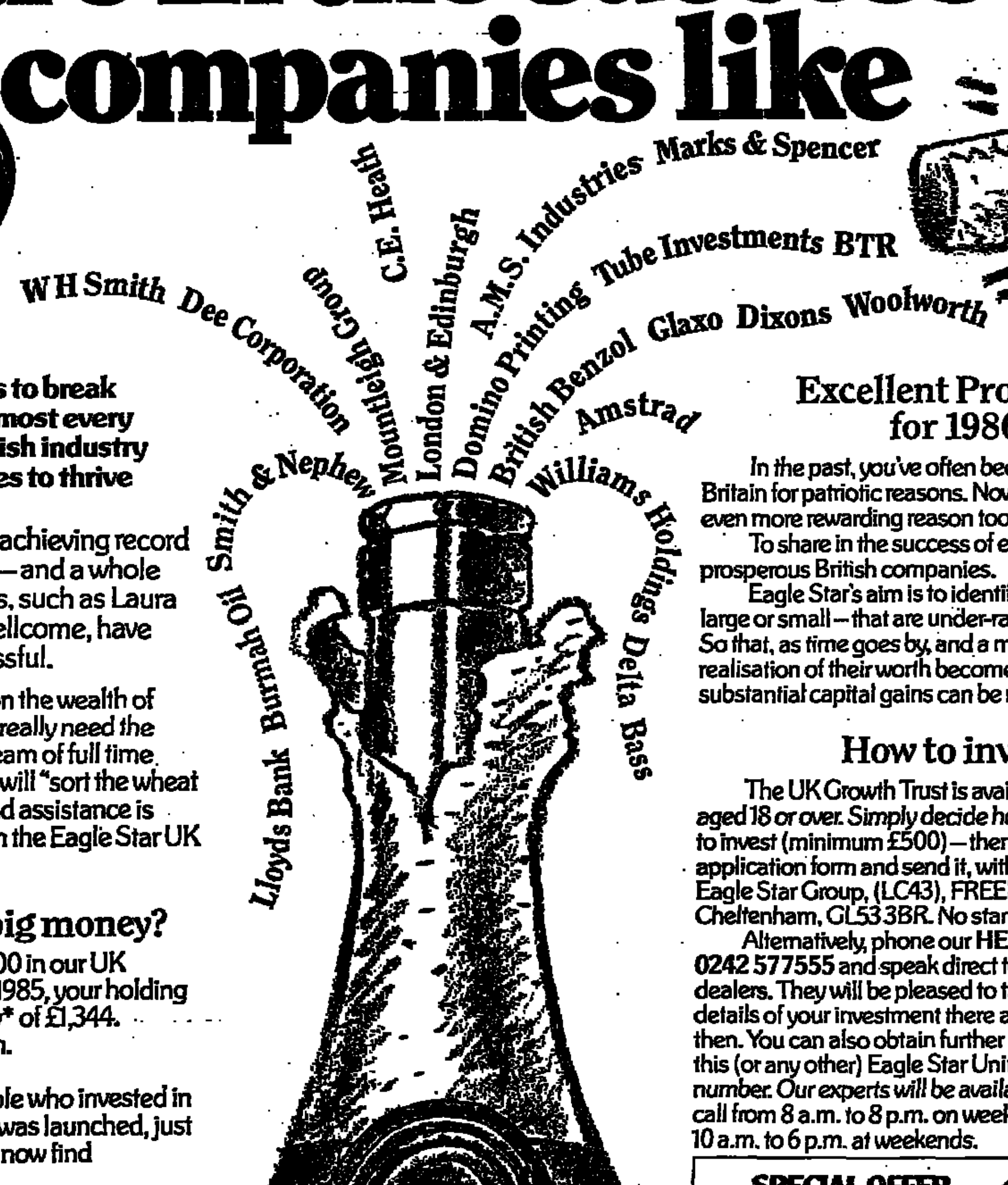

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A question of truth

Although I have never received capital dishonestly, I was somewhat startled to gather on reading the "Briefcase Column" on January 25 that an inspector of taxes appears to be entitled to ask how an investor came by the funds to make his investment. Would you care to tell me something about an inspector's rights in this matter?

What would have happened had your correspondent declined to provide proof, or insisted that all the £20,000 arose from savings?

The reason why it is prudent to answer a tax inspector's enquiries about the source of windfalls etc (so long as the inspector is not acting from an excess of zeal) is to be found in section 29 (1) (b) of the Taxes Management Act 1970:

"(b) If it appears to the inspector that there are any profits in respect of which tax is chargeable and which have not been included in a return under Part II of this Act, or if the inspector is dissatisfied with any return under Part II of this Act, he may make an assessment to tax to the best of his judgment."

It is generally better to satisfy an inspector's reasonable curiosity than to have to dispute a section 29 (1) (b) assessment before the General or Special Commissioners.

●

Our cottage was built before 1820. The eastern wall of the cottage, which has no windows forms part of the boundary with our neighbours. The remaining portion of the eastern boundary being formed by the garden wall, belonging to us and where we now receive light and air to our garden.

In extending our cottage along this boundary, with planning permission, we wish to include a window, above eye level, in the new portion (where we now receive air and light to our garden).

However, our neighbour is the local council (owners but not occupiers) and they require us to pay a licence fee, yearly, for the window under the Right of Light Act 1959.

Please can you give me an opinion as to whether they are correct in their interpretation of this Act and are entitled to do so?

Secondly, if the reply to the above is in the affirmative, as we have planning permission, could we go ahead and build —if then required to block up the window, could this be done with glass bricks?

Your neighbour cannot require you to pay a licence fee by relying on the Rights of Light Act 1959. All it can do is to prevent you from acquiring an easement (right of light) in favour of the new window once you build the extension. The 1959 Act only has the same effect as if there had been a wall built on the adjoining land sufficient to block or restrict the access of light to your window. Hence you could not prevent an actual obstruction being built by the Council on its land in the future: you could not however be required to brick up your own new aperture.

●

Can a husband and wife be resident and ordinarily resident in different countries? The facts are as follows: My wife has dual French and US nationality by birth. She was born in 1930 and has lived with me in England since our marriage in 1952. She owns a house and some land in France in which I have no interest. She has a half share in our house in England.

For 12 years she has exported antiques from England to France, at first as a wholesaler and then for ten years through her own shop run during the season in a French spa. Since I retired in 1982 she has spent at least seven months of the year in France and comes back largely to buy stock using part of our English house for office space and storage. At the moment she is treated by the Inland Revenue as being resident in England and by the French Revenue as being resident in France. It would be much simpler for us if she was regarded as a French resident as this would mean we only had to comply with the requirements of one income tax system and she is more at home with French procedures. She is registered for VAT in the UK and her shop is registered in France for French VAT. She submits accounts to the Inland Revenue but is taxed under the regime forfaitaire in France. All tax matters are dealt with by local provincial offices on both sides.

If in your opinion she is resident in France or if steps can be taken to achieve this how does one proceed with the Inland Revenue and can the arrangements be back dated to 1982?

A husband and wife can indeed have different residential status under UK tax law, even if they have never spent a night apart. Many wives of non-resident men are themselves resident in the UK, despite the fact that they spend all their time together: tax laws are quite arbitrary.

You do not say where your wife is domiciled (under English law). Presumably her domicile of origin (her father's domicile at the time of her birth) is in one of the States of the USA or in France, but we cannot tell from the bare facts outlined. Have you submitted your UK tax returns on the special forms (11K) for men whose wives are domiciled outside the UK?

For the purposes of the France-UK double taxation agreement, your wife may well be treated as resident in the UK only, by virtue of article 3 (2); but again we cannot tell from the limited data you provided. Surely it is worth the expense of seeking an accountant's guidance through the doubletaxation maze.

Article 24 (c) of the double taxation agreement says that a resident of the UK who maintains a house in France must not be taxed in France on imputed income based on the rental value of the house.

●

Recently I started working for a Norwegian firm and since I work offshore and am paid from the Oslo Office, Norwegian Seamans Tax is deducted from my salary. The remainder is paid into my account in the UK. This tax is approximately 17 per cent of my gross salary and I was wondering whether the Inland Revenue will sometime request some money to make me up to the 30 per cent tax bracket. I wrote to the Inland Revenue last August explaining all but had no reply yet. I understand that there is some agreement between Norway and the UK regarding non dual taxing but should I keep some of my net salary from Norway in case the Inland Revenue ask for their share?

A new double taxation agreement with Norway was signed on October 3, last year, and it entered into force on December 20. On the bare facts outlined, it looks as though paragraph 10 of article 23 applies to you: namely, salaries, wages and similar remuneration derived by a resident of a Contracting State in respect of an employment connected with offshore activities in the other Contracting State shall, in the extent that the duties are performed offshore in that other State, be taxable only in that other State.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Taxation

The bane in Spain

TAX IS no simple matter when you move to Spain, and many British people do. Spain is Britain's favourite retirement resort; and the temporary home for employees and subsidiaries of at least 180 major British companies.

Spain's membership of the EEC, which started officially on January 1, is expected to attract more companies from European countries, including Britain.

Against this background the Spanish taxation system is undergoing major reforms. These include reductions in income tax for low and medium level wage earners, changes in family taxation, and improvements in the benefits system. And as a precondition for EEC membership, on January 1, Spain introduced VAT, replacing its turnover tax.

Taxation in Spain can escape the attention of British expatriates and pensioners-in-residence. More concerned with the sun on the Costa del Sol, they fail to realise that their lump sum pension, which they assume is comfortably accumulating in an offshore fund, is in fact taxable by the Spanish authorities.

Adam Phillpot, manager at Employment Conditions Abroad, a London-based company advisory agency, warns against underestimating its scope: "Many British going to Spain are so naive about taxation there."

Spain charges a foreign resident income tax on his or her worldwide income as well as imposing a wealth tax, capital gains tax, and taxes on specific assets such as property, inheritance and gifts. "Resident" means living in Spain for over 183 days a year.

Spanish "income tax" covers your salary, living allowances, bonuses, tax reimbursements, overseas and offshore investments — except those in the UK. It includes withholding tax on earned income (between 1 and 33 per cent, depending on the income level) and on investment income (18 per cent).

"Worldwide income" is an ill-defined term with far-reaching implications. It does not include income earned in the UK; this is exempt from Spanish taxation under the double taxation agreement between Spain and Britain. (This agreement, which both Spain and Britain have with most other countries in Europe as well as with each other, preserves individuals domiciled in one country while resident in the other, from being taxed twice.) Any earnings made on UK property or investments while you are resident in Spain are subject to UK taxation.

However, income from apparently tax-exempt investments outside the UK, such as offshore funds, is technically taxable in Spain because it is part of your "worldwide income." (Worrying news for people who bought units in offshore funds thinking that these remained tax-free in Spain.)

Spain charges a wealth tax on foreign residents whose assets exceed 4 million pesetas (£17,897) although individuals are given set-off allowances up to 6 million pesetas and a married couple up to 9 million pesetas, with a deduction of 750,000 pesetas for each child under 25 and double for each disabled child. "Assets" include property, car, bank account. The wealth tax payable is 0.2 per cent of net assets up to 2/ million pesetas.

Capital gains are generally included as taxable income; a "capital gains tax," of sorts, applies in Spain and usually covers the sale of property. According to accountants Price Waterhouse, a gain made in this way is taxed as irregular income, and may be spread over the years in which it arose to determine the correct rate of tax.

Capital gains from the sale of fixed assets used for business purposes are tax-exempt if the total gains are reinvested in similar assets. The capital gain from the sale of your home in Spain is exempt up to a limit of 15 million pesetas if the total sum is reinvested in a new home.

If you rent or sub-rent a property in Spain the amount received from the tenant or sub-tenant is included in your taxable income. If you are an owner/occupier, 3 per cent of the value of the property would be regarded as taxable income, and this increases to 10 per cent if you own more than three properties and any of them remain unoccupied for more than 10 months.

Assets passed on, following the death of their owner, are subject, under Spanish law, to inheritance and gift tax similar to though rather more complex than Britain's Capital Transfer Tax. (There are, for instance, seven different categories of beneficiary in assessing gift tax in Spain.) It means, though, that a widow would face a tax bill of 1.85 million pesetas (£8,325) on an inherited house worth 15 million pesetas (£67,600) if the house was registered in the husband's name.

It is, however, possible to change from single to double ownership. TFL Advisory Services, a UK investment management company with Spanish interests, says it is legal to register the property in the name of a foreign company "provided the Spanish authorities acknowledge the existence of the company as a legal entity."

Some UK companies with employees in Spain have devised elaborate strategies to avoid tax. By sending employees to and from Spain for less than six months (183 days) on a rotating basis, a company may remain free of local tax because its employees never achieve "resident" status.

But this is complex, difficult to administrate, and dubious — although there are cases of a multinational rotating employees on projects around the world every three months to avoid tax in every country.

Spanish tax regulations are expected to become more compatible with others in Europe as Spain settles into the EEC. However, there was a moment recently when the whole headache vanished: by mistake Spain's Parliament abolished all taxes for 1986, during a budget debate. But the error was noticed and corrected half an hour later.

Paul Ham

THE BUSINESS CONNECTION

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Banking

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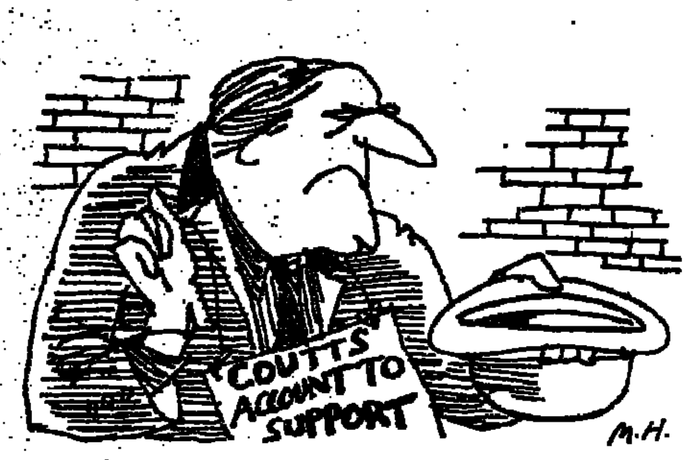

IF YOU are fed up with the queues and impersonal service offered by ordinary high street banking, you might consider opening an account at one of the top people's banks. An exclusive and personal service is guaranteed and you do not have to be immensely rich.

The up-market banks do not advertise for customers. It almost seems bad taste to tout for business. Indeed there are those that see themselves as so exclusive that they wait for customers to come to them. Others feel it would be a contradiction to add too many new accounts to their elite band of account holders.

But however tempting the free snuff, quill pens and elegant Victorian banking halls, be warned that with few exceptions, the basic financial services offered at the up-market establishments like Coutts, C. Hoare, Drummonds and Childs are just the same as you would get at the ordinary clearing banks.

But what the deluxe banks have in common is that the way in which the financial services are executed — the personal style of service—is quite different from an ordinary high street bank.

For example, a monthly bank statement at Coutts and C. Hoare fully details the names of people or places involved in each transaction. But such extra services are balanced by the financial qualifications expected of account holders.

Coutts in London's Strand, bankers to the Royal Family since the reign of George III, is possibly the smartest of them all even though it is owned by the less exclusive Nat West Bank. In order to join the top people's bank you must earn around £30,000 or have "reasonably substantial" assets.

To avoid bank charges on a current account you must keep an average balance of £1,000. Otherwise the cost is £10 a quarter plus 30p each entry above 40 entries in a single quarter. Students get free banking as long as they stay in credit.

If you are keen to open an account at C. Hoare, which has been at the same site in Fleet Street since 1672, then you must be recommended by an existing customer or have a family connection. Most customers are members of the landed gentry or live overseas, although the bank also serves the community of lawyers nearby.

Current account customers must keep an average of £500 in credit to avoid bank charges of 25p per entry and £2 per quarter per account.

Banking is free as long as you stay in credit at the Royal Bank of Scotland's three up market banks Childs, Drummonds and Holts. They do not demand any specific requirements from customers.

Childs is the oldest—it was founded in 1584. Drummonds goes back to 1717 and snuff, quill pens and porters in frock coats are as much a part of the present as they were of the past. Holts is the smallest and youngest of the three. Banking began there in 1809 and traditionally it has always dealt with the armed services.

In direct contrast to this, Lloyds' and Midland's bank accounts for the wealthy have been going for barely three months. In both cases £250,000 in liquid assets to qualify for an account. In return you get a full range of the banking and trust services plus your own personal account executive.

There are no banking charges as long as the current account is kept in credit but both charge a similar fee of one per cent on trust branch services like portfolio management and investment advice.

Lloyds and Midland expect that their respective Pall Mall and Mayfair branches will have special appeal to foreign customers in London.

As far as investment advice and management go at the traditional up market banks, it is difficult to pin down precise charges.

Coutts would look for a portfolio worth about £75,000 and they would charge £750 pa. Hoare and Childs do not have a fixed charge for investment management and say that rates are individually set.

At Duncan Lawrie, where you must have a personal introduction in order to join the bank, investment management and current account charges are subject to negotiation.

Apart from impressing friends with the elegant copperplate lettering on your Coutts cheque book, all seem to agree that top people's banks biggest appeal seems to be the personal style of the service offered. But you certainly pay for it!

Kate Rankine

Paying for the personal touch

THE decision by Lloyds Bank to open a de luxe branch where customers can get a personal service shows just how much the high street banks have changed since I joined one 30 years ago. One big difference is that in the old days you did not have to have liquid assets of £250,000 to receive this attention.

These days you are encouraged to draw your money from a machine rather than from a real live cashier and to obtain a so-called personal loan you simply complete a form and the decision is made on a points basis. There is no need to meet the manager; the terms are the same in Brighton as in Blackpool. But then personal loans are a fairly recent innovation: there was a time when you were offered an overdraft or a loan at *personal* rates.

We used to calculate the service charges on a very personal basis. There was no question of charging 25p per entry and allowing 3 per cent notional interest. The manager sat in a corner of the office and called out the name of each account in turn. He made a quick guess at the average balance and the amount of work involved and further information was then welcomed from any member of the staff.

For example, the cashier might call: "Winthrop is a cantankerous old buzzard. He always demands new banknotes and when I haven't got any he raps his fist on the counter in temper." Winthrop's bad temper would cost him an extra guinea.

Accounts were handwritten and kept in thick ledgers. Helpful notes were written in red ink at the top of each account such as "Known the wife of the general manager — do not charge" or "Care Actor. No overdraft."

Not everyone wants personal service, just easy access to one's money. Nevertheless, there must be a demand for the kind of branch where customers are cosseted. I wish I could afford it.

Harold Baldwin

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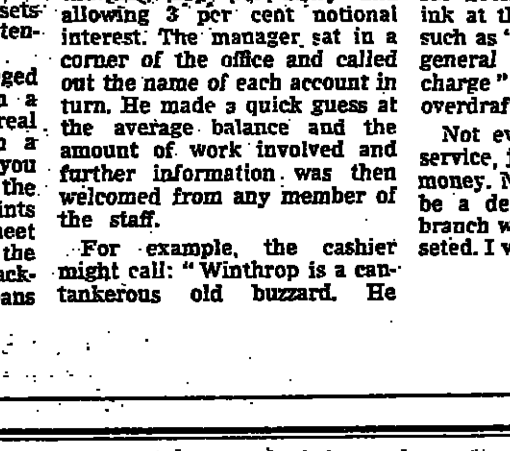

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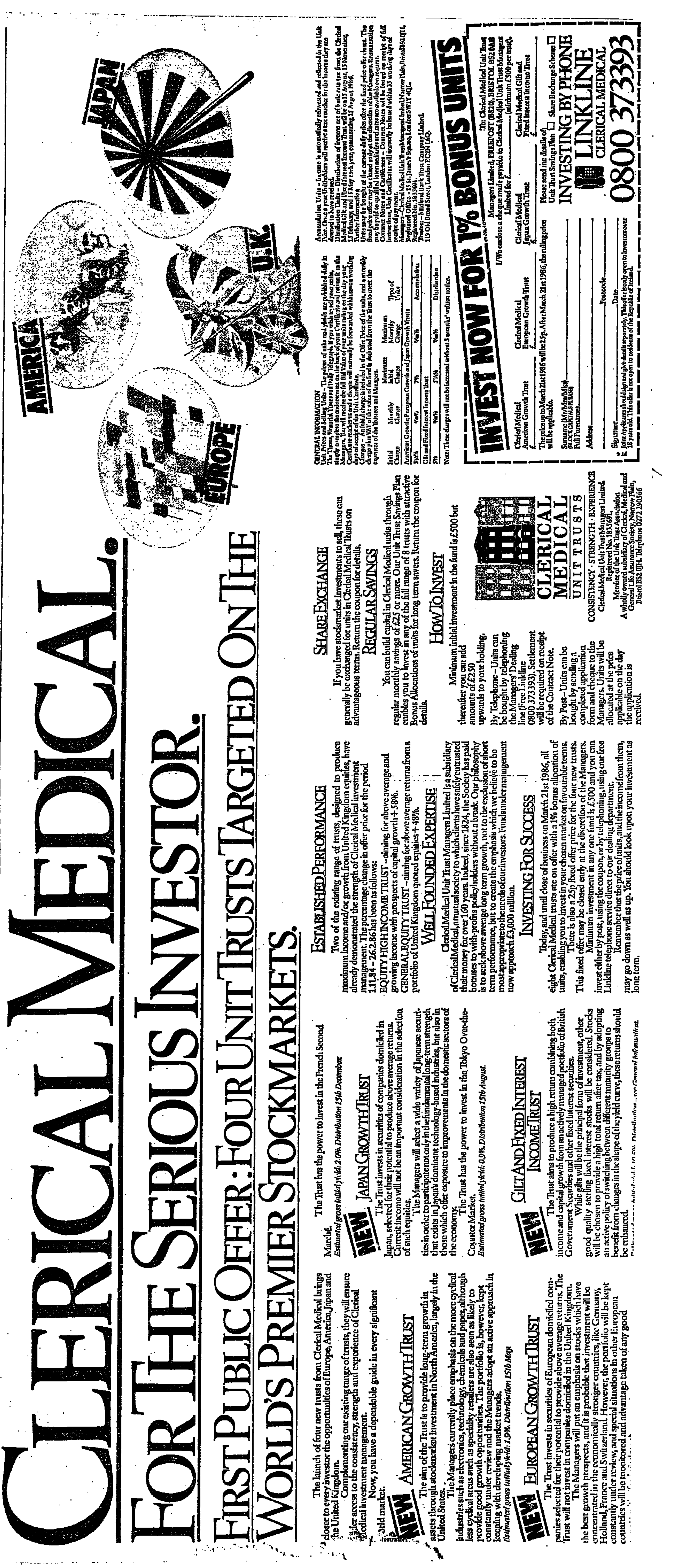

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• PROPERTY •

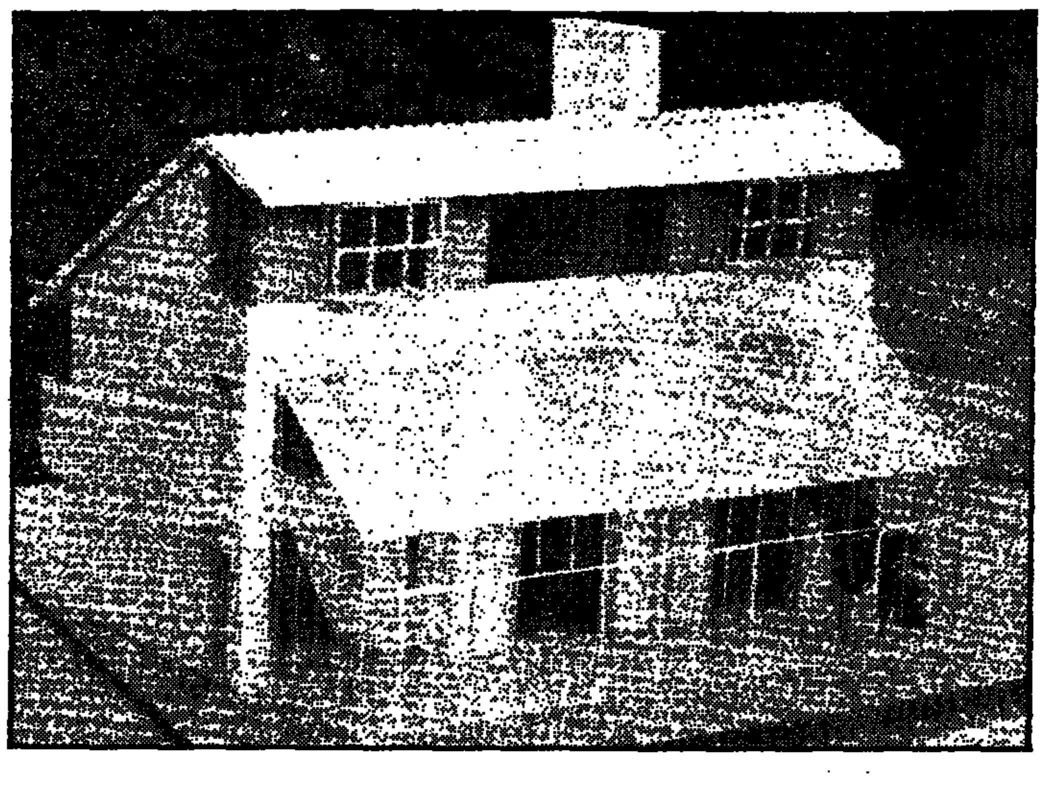
Homes for happy families in the year 2000

MOCK-TUDOR, Canadian log-cabin or a " House 2000 " might answer your dreams. Picture-book gardens or contemporary art might appeal more. All are in the Daily Mail Ideal Home Exhibition which opens on Tuesday at *London's Earls Court* until March 31.

Above left: Wimpey mock-Tudor showhouse complex at the Ideal Home Exhibition.

Above right: Potton timber-frame Tudor-style house.

Right: model of House 2000 at the Exhibition.



The design of the show houses is nothing earth-shattering, but this annual home buyers' jamboree is meant as a guide *to what is on offer, not* a sophisticated message for modern movements.

The home for *21st century* living is initiated by *What House?* magazine with architects Stephen Greenberg, Dean Hawkes. The partnership was responsible for low-cost energy *projects for Wimpey* and the DoE, as well as the striking new Spitalfields Centre incorporated in a Georgian house and Victorian synagogue in East London.

In spite of its title, House 2000 is built on traditional lines. The architects maintain, quite *rightly, that most people do not* want to live in an outrageously futuristic-looking place.

Art in the Home: exhibits from the Ideal Home Exhibition—see Page XVII.

" After all, 95 per cent of the houses that could be around in the year 2000 are here already," says Stephen Greenberg. " But in 15 years' time the family will form a stronger nucleus. With *high unemployment in all* classes and a shortage of rented accommodation, a house will *need to allow for children* becoming independent adults within their parents' house.

" With more work and leisure activities at home there has to be a more elaborate electrical system, insulation and sound-proofing."

To cater for this, the five-bedroom house has two mini-studio bed-sitters tucked away at the top, each with a work-station and a sleeping gallery above. The second family room is a combination gymnasium and hobbies room, or it could *be an office and workshop. The* garage, too, can double as a play or exercise area.

" *Everyone is getting more* health-conscious," says Greenberg. He advises industrial-*type storage units for* all the gadgetry and equipment which needs to be stowed away when not in use.

The house has two very different facades—the well-insulated traditional north-side, with storage and utilities hidden away in the cool.

The south "garden" thick-walled facade has a two-floor conservatory, with exotic greenery bringing the outdoors inside.

The central zone of the house is a masonry core containing the kitchen and bathrooms—one full size, two showers, and a Japanese-style "fun-tub"—tanks and heat-exchanger.

This provides a central "snug," constructed of concrete blocks that provide considerable thermal mass to absorb *heat, re-radiating the warmth* throughout the house. The main heating is by gas, coupled with *the solar energy, as well as* a traditional coal fire.

The house is built by Mark *Bristow and Sons,* Dalmeny Road, London, N7, who will re-create it wherever anyone has any land. Cost could be about £100,000-plus, depending on the standard of fittings.

The only major volume house builder at the Ideal Home is Wimpey. Its three offerings include the ubiquituous, Tudor-style family house in the £120,000 bracket.

Each home is targeted to a particular life-style. The suggested occupants of this one are an architect and his amateur-painter wife, in tune with the theme of the exhibition, " Art in the Home." Scattered throughout are modern sculptures and contemporary paintings.

The nearest thing for the *first-time buyer is an apartment* recreated from Wimpey's elegant new Georgian-style development in Bessborough Gardens in London's Pimlico, costing about £60,000 or so.

Probably the most distinctive dwelling is the art deco prototype for the childless television presenter and market-research wife. The bathroom is divided from the bedroom by an ornamental screen, and the dramatic two-storied dining-room has mirrored walls and ceiling. A study-games room is provided for the researcher to collate her findings without interruption.

June Field

Exhibition Guide

THE Architectural Services Planning Partnership's five-*bedroom house constructed* timberframe by Davis Build of Sevenoaks is unquestionably *Tudor-style.* It comes complete with half-timbering, jettied overhang and leaded light win-*dows.* The plans for it will be on offer at the exhibition for a special price of £25. If you want to buy a finished house, Davis will be building a £200,000-version at The Mount, Oxshot, Surrey, next month.

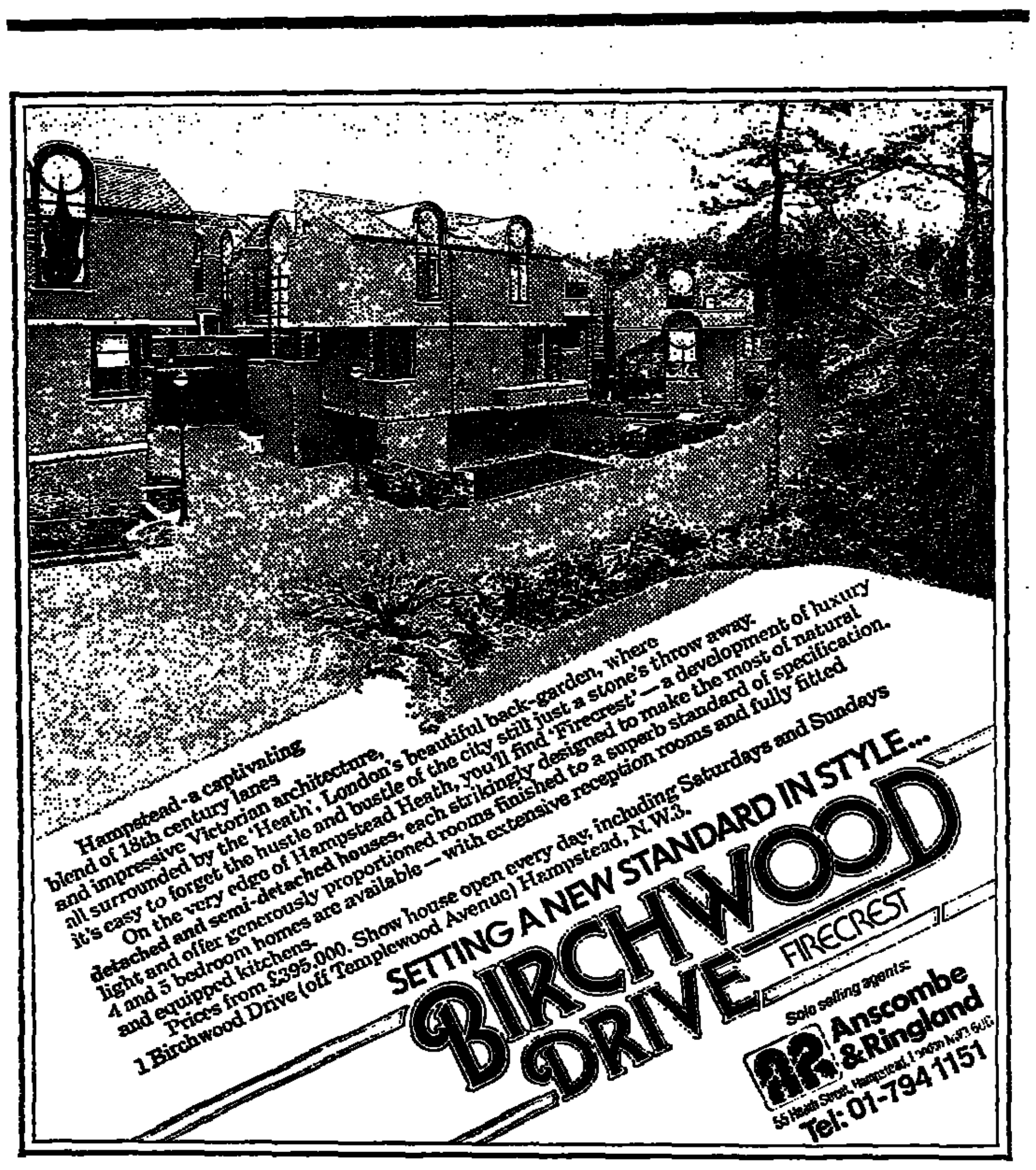
●

CANADIAN kiln-dried spruce and Filipino mahogany go into Valhalla Homes' split-level house. Although transatlantic-inspired, it is manufactured in St Austell, Cornwall. Intended to withstand the extreme cold, the insulation is considerably more than that required by United Kingdom Building Regulations. The company builds about 30 houses a year in the West Country and Milton Keynes, at *prices varying* from £55,000 to £100,000-plus.

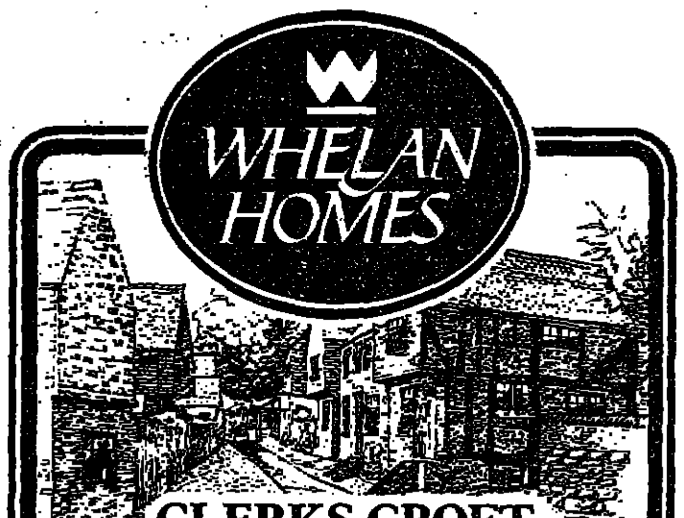
●

EXPOSED solid timber posts and beams, inglenook and *dormers are the mainstay of* Potton's Heritage Cottage based on an early 17th-century design. *You also get a galleried staircase* and conservatory, plus a home-computer and hobbies *room which has special storage* for an artist's easel and brushes. The bathroom is extra *large to accommodate keep* fit equipment. The cost to build is about £75,000 plus the price *of a plot.*

New Homes



WHELAN HOMES



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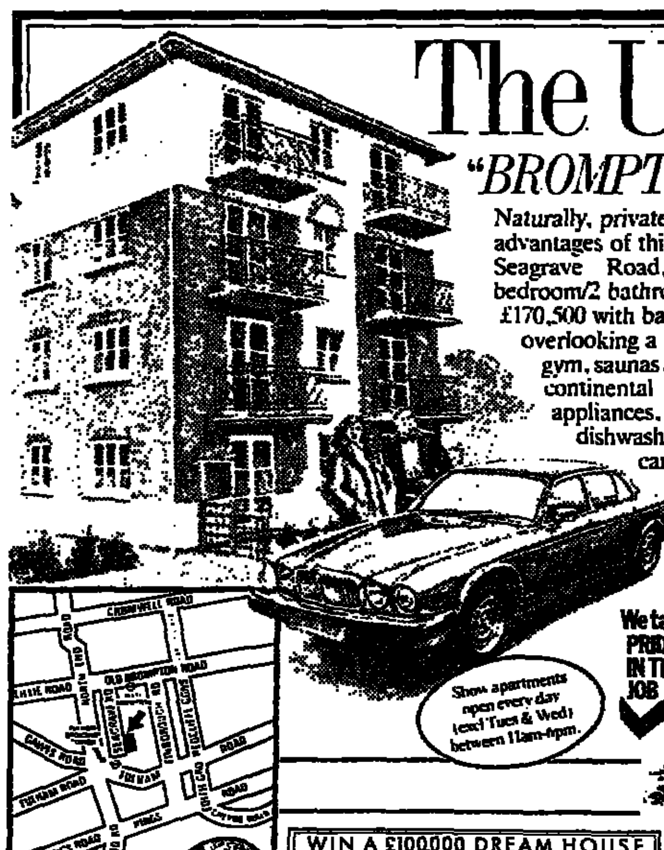

Naturally, *private parking is just one of the many* advantages of this award-winning development in Seagrave Road, Fulham. ● Outstanding 2 bedroom/2 bathroom apartments *from £113,500* – £170,500 with balconies or patios ● South facing, overlooking a leafy 2 acre park ● Private pool, gym, saunas and solaria for residents ● Superb continental fitted kitchens with all major appliances, some with microwave and dishwasher ● Lavish bathrooms ● Luxury carpeting ● Gas central heating ● Closed circuit TV security ● Electronic entry gates ● An enviable London home ● An elegant and secure way of life ● Excellent investment with proven potential ● Built with style by *Barratt* ●

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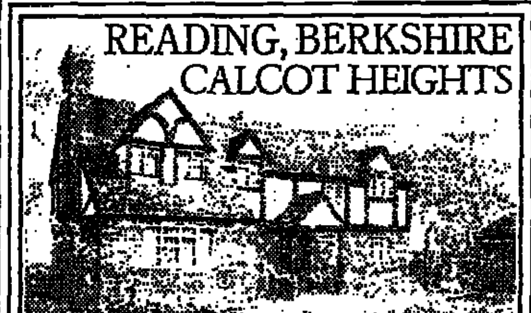
CALCOT HEIGHTS



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Seven crowded days on the road to Mandalay

"PRIMITIVE and sleazy." "The rats, mice and lizards are welcome to it." The guests's comments book at the Inya Lake Hotel, Rangoon, reads like a compendium of insults.

My room was not too bad, however, just one cricket and a spot of mildew. The staff were friendly and the restaurant served roast beef and an attempt at Yorkshire pudding, a change from the chicken curry on offer everywhere else.

It's true, though, that Burma's best is not in to top international league. The country remains officially suspicious of foreigners: it lets them in for only seven days and doesn't pamper them.

What can you see in seven days? First, Rangoon, the capital. Nothing much seems to have happened here since the British left in 1948, not even a coat of paint for the colonial buildings, all peeling elegance. There is little traffic, few beggars, no neon signs, and a general air of life lived in low gear.

Two armed soldiers guarding a military office cheerily invited me to take their pictures. Old ladies squatted on the footpath in the queue for a James Bond film, puffing on huge cheroots (males smoke a smaller version).

Young men in trousers — most Burmese wear lunghis — offered to buy US dollars, at about three times the official rate, or whisky, or cigarettes. The profit on a litre of whisky or a carton of cigarettes bought duty-free at Bangkok Airport, will keep you going all week.

Just north of the city, on a hilltop, rises the Shwe Dagon pagoda, tall and graceful, and at present covered in scaffolding—tall and graceful scaffolding, which clings to the structure like a diaphanous gown, letting the gold leaf with which it is covered gleam through.

Round its base are 64 smaller spires, then dozens of little shrines lining the pathway around which barefoot Buddhist pilgrims walk. A group of them went by as I watched, sweeping the pathway in front of them with little brooms to gain extra merit towards the next life.

If Rangoon is quiet, other places are somnolent. Mandalay, for instance, seems not even to have old cars, as Rangoon does, only oxcarts and trishaws on which passengers sit back to back.

The city's name is evocative, thanks in part to the poetry of of Kipling, who never went there. The reality is more prosaic: straight streets of undistinguished low houses built of simple materials.

It was founded in 1857 by King Mindon to fulfil a prophecy of the Buddha, who supposedly visited the site and predicted the growth of a great city. It fell to the British only 28 years afterwards.

Mindon's Palace, in a vast walled city-within-a-city, looks remarkable in old photos, but it was razed in fighting between British attackers and Japanese occupiers in 1945. Only one of its buildings remains, the Shwenandaw monastery, moved out of the palace compound last century. Richly decorated in teak, it hints at what has been lost.

Mandalay does have a few pagodas worth visiting. One, Kuthodaw, is surrounded by 729 pavilions, each containing a marble slab on which is carved part of the Buddhist canon.

From Rangoon, a night by train and a day by bus through mist-shrouded hills took us to Inle Lake. Two separate guidebooks and a government pamphlet all call it "outrageously picturesque" and so it is, 40 km long and only 3 m deep, ringed by mountains and gradually being choked by weeds.

When the weeds have grown thick enough, strips are cut off and sold to the locals, who tow them across the water to their villages to use as floating vegetable gardens which bob on the water as boats buzz by.

On the water you can see Inle Lake's unique leg-rowers. They have to stand in the prows of their fishing boats to see submerged weeds or fishes' bubbles and so wrap one leg around a long oar to propel themselves.

Occasional villages edge the lake, many actually built on stilts over the water like ramshackle Venices.

To get to Pagan required a long bus trip, but it was worth it. Here, down the Irrawaddy from Mandalay, was once a city of half a million people, capital of the first great Burmese kingdom in the 11th to 13th centuries.

Now it has all been washed away by time, the monsoon and the river — all except the pagodas. There were once 12,000 of them. About 2,000 still remain, mostly redbrick and partly ruined, on an otherwise flat and almost uninhabited plain.

In the village that is all that is left of medieval Pagan, I joined a game of football with some monks, aged about ten. All boys become monks for at least a few weeks, and some stay on for life. They are allowed a few possessions: robes, a fan, an umbrella, a food bowl; not, usually, footballs.

Girls can likewise become nuns, but not many do. Nuns —and females in general —don't have quite the same status, though Buddhism is in theory an equal-opportunity religion.

Burmese worship nats too, sometimes in the same temples. Nats are local demons and seem to co-exist with Buddha: people love Buddha but fear the nats, they say. Statues of two of them sit in niches in Pagan's ninth-century city walls. Nga Tin De ("Mr Goodlooking"), the number two nat, and his sister, Shwemyethana ("Golden Face"). Both are perky looking types.

From there we returned to Rangoon. The government doesn't like tourists to visit many other places. Half the country is in the hands of communists or secessionists and your safety can not be guaranteed outside the approved areas.

In fact, most of the rebels are by all accounts just as affable towards the few foreigners they meet as are their countrymen. But you will probably have little time to regret being unable to travel further. You can only see so much in a week, after all.

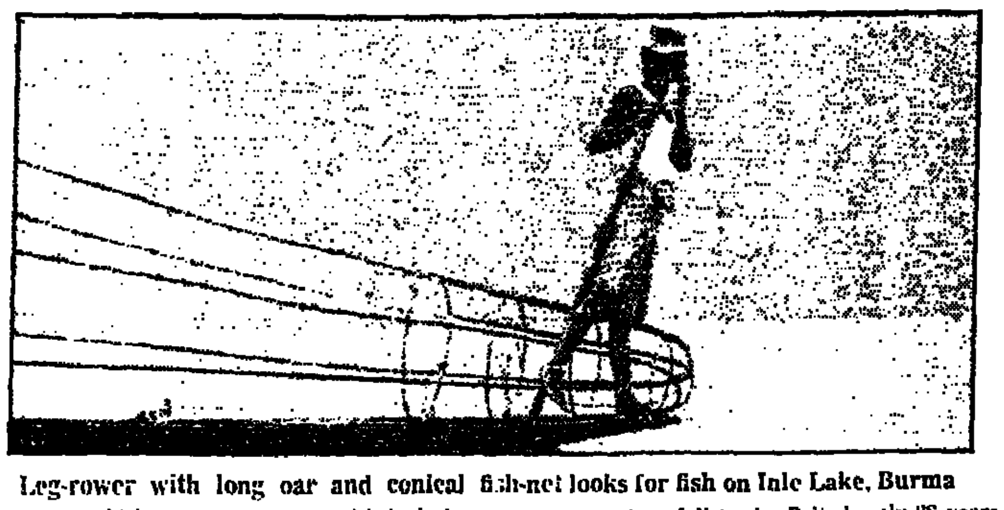
GETTING THERE: land borders are closed. Most people fly in from Bangkok or Calcutta (return flights to these cities from London start at about £320: check your local bucket shop).

Inside the country you can travel under your own steam, but be prepared for Burmese bureaucracy. Take patience and the invaluable Burma — A Travel Survival Kit (Lonely Planet, £4.95).

Booking a package reduces the hassles, at a cost. Try Tourist Burma or Diethelm Travel (544 Ploenchit Road, Bangkok: UK agents include Hann Overland, 185 Streatham High Road, London, SW16). Tours begin at about US$800.

Visas, for a maximum of seven days, cost £3 and take about three days to get from the Burmese Embassy in London. You must include your return ticket or a travel agent's letter with your application.

John Westbrooke



Leg-rower with long oar and conical fish-net looks for fish on Inle Lake, Burma

Caution: skiers crossing

I LEFT my socks in Avoriaz. So what? Well, one way of plotting one's progress through the vast ski network of the Portes Du Soleil (200 lifts, 650 kilometres of trails) is to log articles of clothing lost along the way.

It goes thus: St Jean d'Aulps (Sally's underwear), Les Crosets (gloves), Chatel (Jill's bra), Morzine (Lorraine's nightie) and so on.

Losing things is very easy in Europe's ultimate ski-circus because if you really want to see it and ski it, you are always on the move. We've been cruising from porte to porte for a week now and it seems endless.

The idea of linking French and Swiss resorts in the Chablais mountains across the Lake from Geneva began to take shape 16 years ago, when they built a link between Avoriaz, Champery and Les Crosets. Links across the Swiss-French border quickly multiplied and are still doing so.

There are now 13 resorts in the complex and it is still growing. And it really is huge. Even a racer could not get round to every station in a day, let alone sample the ski-ing of each individual resort.

The area takes its name from a ridge above Les Crosets called the Portes Du Soleil and it's a traditional smuggling area, with the traffic mainly meat, chocolate and spirits from France into Switzerland.

Pigs are also smuggled across the border, often in a drunken stupor to stop them squealing.

Pigs have other uses here—to test telecabines. There's one between Chatel and Superchatel which is about to be replaced. To make sure it is safe they try it out with a cargo of pigs at the start of each season.

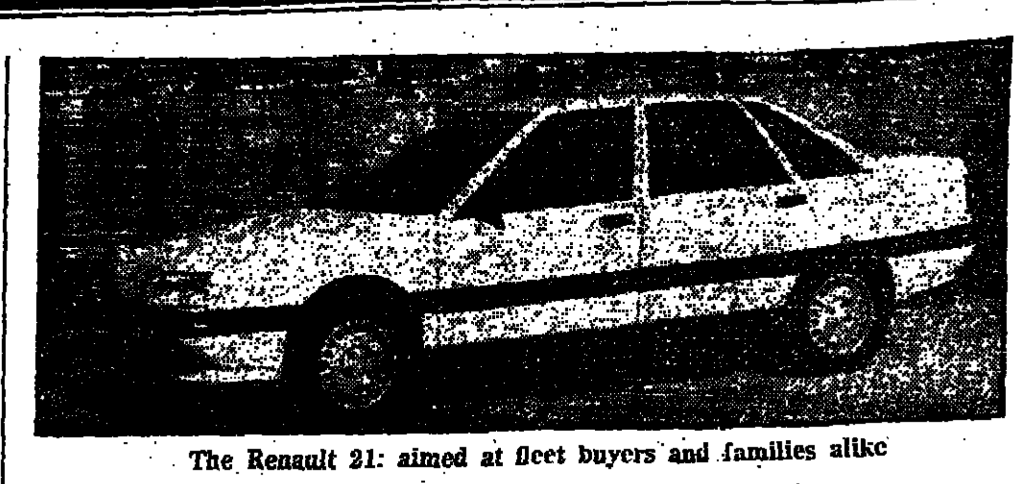
French mertyls are also sought after by the Swiss (they make delicious tarts). The Swiss themselves don't have many and they flock to the mountains in summer to pick them. But although they frequently try to pick more, they are rationed to one kilo each.

After a week here, it's easy to be totally confused about where you have been, whether you are in France or Switzerland, or who today's guide was. Perhaps it doesn't matter, every resort and every guide bring their own touch of individuality to what has become one magnificent blur.

One day you will remember distinctly is the day you try to ski down "The Wall"—a death-defying descent from Avoriaz into Champery. I've tried it four times and never succeeded in getting all the day down without falling at least once. But I live to tell the tale.

If you must try to ski it, do it on the last day rather than the first. It would be tragic to injure yourself before you had had time to storm through every porte.

Arnold Wilson



The Renault 21: aimed at fleet buyers and families alike

Renault rides to respect

THE FIRST black-and-white pictures of the Renault 21 did it less than justice. They made it seem bland: even banal. When I first saw a row of them lined up on the airfield at Kalamata, in the Peloponnese, I thought I was witnessing a mass drive-away of Montegos at an Austin Rover dealers' jolly.

Three days and 500 miles later my initial lack of enthusiasm for Renault's new medium-large car had turned to respect.

The test drive started badly. With a colleague driving, we were going round a gentle left hander when a Toyota Corolla coming from the other direction ran wide on the bend and hit us amidships.

There was a fair amount of damage but no one was hurt. After 20 minutes, the driver's aged passenger had quietened down after a great deal of wailing and teeth gnashing. The police arrived after an hour of waiting in the rain, forms were filled in and we were on our way again.

Lamb kebabs at a roadside taverna went down well though 4.30 was an odd time to have lunch. Greek roads are deceptive. Those in the Peloponnese are generally well surfaced but potholes of truly horrendous dimension lie in wait for the inattentive. As the downpour worsened and the light began to go I missed a few of these potential suspension breakers but, sickening thud apart, the Renault and its Kleber tyres took them in their stride.

Like all Renaults, the 21 rides very well indeed. The suspension is not soft, just shock absorbent. It does not allow any wallowing on fast bends and the ride strikes an ideal compromise between resilience and firmness. The seats are comfortable and I found the driving position and the placing of controls excellent.

We were heading for Olympia and the first overnight stop. It seemed like a good idea to make up time by striking across country instead of following the coast road. When the tarmac ended we should have turned back. The gravel track got worse until it was like driving through a shallow river with a rocky bed and ended in a village looking like something out of the Old Testament. Finally, we had to retreat.

There was now enough flood water splashing up under the bonnet to make the engine go on to three cylinders now and again but the 21's suspension did not even hit the bump stops as I hurried back to the main road.

Next day, the weather relented. For a fast run round the coast to Patras and Corinth and then to Nafplion, the sun shone brightly and warmly enough to show that the fresh-air vents could be bigger. To get enough air into the car the fan had to be going fairly fast and the hiss was irritating.

On the third day, the route to Kalamata was over the mountains to Tripoli and Megalopolis. The road, recently improved, is beautifully graded and the surface 99 per cent perfect. While the superb panorama of snowy peaks invited quick glances, there was a real risk of hitting a potentially tyre-bursting pothole.

A rousing climb in fourth and third, with second gear reserved for hairpins, proved the 120 bhp, 2-litre fuel-injected engine's muscularity. The ventilated front disc, rear drum brakes were as impressive on the fast descent. I would have no hesitation in cruising the 2-litre 21 at 100 mph on the autobahn, at which it would be quiet enough to listen to the radio. In town, it is flexible and the power steering which is precise when driving fast makes parking effortless.

I also tried a 1.7 litre (90 bhp) version which was as refined as the 2-litre for all normal driving though lacking its punch for quick and opportunist overtaking. After such test driving it is difficult to get a realistic miles per gallon figure. A colleague who takes perverse pleasure in getting the worst consumption managed 22 mph. Was he ever in top gear, I wonder, except on the motorway? I would expect an average in the 20s or low 30s from a sensibly driven, 120 bhp 21 RX.

The new car makes its public debut at the Geneva Show next week. It goes on sale in left-hand drive European markets immediately but will not reach Britain until June.

Five engine options are offered—two 1.7 litres, sideways mounted, and producing 76 and 90 bhp a 2-litre, 120 bhp fuel-injected motor and two diesels, one producing 67 bhp and a turbocharged version of 88 bhp. The 2-litre engine and the diesels are mounted fore-and-aft. In all but the basic 1.7, the gearbox is a 5-speeder with finger light shift.

UK prices will not be known until nearer the June launch, but Renault is determined to make an impact in the fleet market now dominated by the Cavalier, Sierra and Montego. It says pricing will be competitive which suggests a range of £7,000 to just under £10,000. That will make the 21 compete with the least expensive versions of the bigger 25 hatchback, especially among buyers who prefer a large boot (extendable by lowering the rear seat backrest) to a tailgate. Like the 25, the 21 is genuinely roomy.

By the end of the year an unusually attractive estate will have been introduced. Not long afterwards there will be an ABS anti-lock brake option on all 21s and four-wheel drive, which will also be offered on the 25.

Stuart Marshall

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Legal Notices

No. 0075 of 1986
In the HIGH COURT OF JUSTICE Chancery Division, Re: HENRY ANSBACHER & CO. LIMITED and Re: the Companies Act 1985.
NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice (Chancery Division) dated the 3rd day of February 1986 confirming the reduction of the capital of the above-named Company from £35,000,000 to £29,874,984 and the Minute approved by the Court showing with respect to the capital as altered the several Particulars required by the above-mentioned Act were registered by the Registrar of Companies on the 7th day of February 1986.
DATED the 18th day of February 1986.
LINKLATERS & PAINES
Solicitors to the Company

No. 0076 of 1986
In the HIGH COURT OF JUSTICE Chancery Division, Re: HENRY ANSBACHER HOLDINGS plc and Re: the Companies Act 1985.
NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice (Chancery Division) dated the 10th day of February 1986 confirming the reduction of the Share Premium Account of the above-named Company from £47,247,087.15 to £20,834,999.15 was registered by the Registrar of Companies on the 14th day of February 1986.
DATED the 18th day of February 1986.
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Collecting

Frivolity in fine porcelain

FULDA is a less familiar name among collectors than Meissen, Berlin or Nymphenburg, but for cognoscenti the work of this small, short-lived factory stands among the most prized and costly of German eighteenth century porcelain.

It is never plentiful on the market; so that the appearance in the saleroom of the Meinertzhagen collection, comprising almost 60 pieces of Fulda, some of them unique, is a notable occasion for students of ceramics. Christies' who are holding the sale on Monday, anticipate prices up to £20,000—this for a particularly desirable sporting group of a hunter and his companion, attended by an endearingly silly dog.

In the third quarter of the eighteenth century, the royal porcelain factory seems to have been as important a mark of the prestige and culture of a German prince as his Italian garden or court orchestra. Thus more than a score of manufactories were established around the same time, the majority under princely patronage, and all using the secret methods first developed at Meissen—the first hard-paste porcelain factory — and subsequently spread by runaway "arcanists" from Meissen or Vienna.

Fulda, which gave birth to one of the most distinguished of the minor royal porcelain factories, is a small town in Hesse, 68 miles north east of Frankfurt, with an ancient Benedictine foundation. In 1752 the abbot acquired the rank of bishop and the city became a prince-bishopric.

Seven years later, Heinrich VIII von Bibra succeeded as Prince Bishop. Portraits of this tough, square-faced man indicate less of his spiritual qualities than of his great capacity for commerce and administration; and his 29-year reign saw great advances in the economy and prosperity of his little principality.

He built roads, introduced educational and agrarian reform planned the dredging of the Fulda river, encouraged local industry, established textile manufacture and—inevitably—set up a porcelain factory.

Fulda hunting group—with "endearingly silly" dog

Fulda followed the usual method of luring an "arcanist" from an established factory — in this case Nicolaus Paul, who had worked at Hochst as an assistant of Joseph Jakob Ringler. Ringler himself had begun his career as an apprentice in Vienna and — as the most inveterate spreader of manufacturing secrets — was the most influential figure in the history of German porcelain.

Paul, as fickle as his master, was barely a year at Fulda before he was in turn lured away to start another princely factory in Kassel. His successor Abraham Ripp, proved more stable, and ran the technical side of the factory for the rest of its career.

Fulda had the advantage of the fine white kaolin from the high Rhon region; and its porcelain is outstanding for the perfection of the body and the glaze. The colouring is admirable for its restraint and harmony, and for the imaginative use of the attractive body white. The factory's products consisted of table wares, charmingly if not very inventively painted in accordance with the changing fashions of the period, and, most notably, figure models.

The factory had several modellers, though the artist whose work is most characteristic of the factory, was Georg Ludwig Bartolome. Bartolome in fact came to the factory as "repairer" — the craftsman who assembled the separate moulded sections of the figures — but as one after another of the senior modellers died, he came to assume responsibility as chief modeller.

The Fulda figures were inspired by Nilsson or Boucher prints, or by the work of other factories; but they have their own distinctive and appealing style. They tend to be a little stiffer and more doll-like than the elegantly sophisticated products of the other factories. Even the intendedly grown-up characters more often than not have the look of children dressed up in masquerade costumes.

The figures made in the Fulda factory embrace the usual repertory of 18th century porcelain modellers: huntsmen, *fetes galants* in the Watteau manner, characters from the *commedia dell'arte* (an unrecorded Scaramouche in the Meinertzhagen collection is expected to realise £10-15,000), children garbed as the four seasons. Fulda had a special affection for rustic characters — vintagers and harvesters — and did its own series of the cries of Paris.

One of the most attractive series portrays the Prince-Bishop's court musicians. Tradition has it that these figures were made to celebrate a royal change of heart: the Prince had decided to disband the orchestra as an economy measure, but was dissuaded by public protests. Mr and Mrs Meinertzhagen collected seven from the group (at least as many more are known).

Among their instruments are horn, clarinet, violin, oboe, flute and bagpipes. Amusing and well-characterised as they are, a closer look shows that Bartolome had exercised his "repairer's" ingenuity in using the same moulds for the lower halves of all the figures, introducing variations only with the musicians' upper limbs, instruments, and pretty peasant hats trimmed with flowers.

Certainly one of the most desirable acquisitions for a Fulda collector however will be lot 1, a tiny cup which bears a cameo portrait of the factory's patron himself, Prince-Bishop Heinrich von Bibra. Heinrich died in 1788, and the factory did not long survive him. Within a year his successor had closed the enterprise and pensioned off the workers.

Revolution had just broken out in France: perhaps the new Prince-Bishop felt the age no longer suited either princely patronage or the exquisite frivolities that Fulda had created for the enjoyment of the Hessian aristocracy.

Janet Marsh

Exhibitions

Card Players on a Terrace, an oil from around 1810 on show at Brighton until April 6

The real price of a cup of tea

OPIUM AND tea lie at the heart of a stimulating exhibition at the Brighton Museum until April 6. The China Trade, 1600-1860 is a jackdaw assortment of intriguing and colourful objects, from tea-bricks (apparently a form of currency in China) to silk chasubles, not to mention furniture, silver and watercolours. Together they will convey the high price we "hairy, big-nosed barbarians" placed on trade with China from the mid-seventeenth century.

The bulk of the exhibition is "export art," produced by craftsmen who had been instructed in the art of pleasing European taste, blending with Chippendale and Wedgewood interiors. Just how spectacularly chinoiserie caught on is, of course, visible across the lawn: the Royal Pavilion now swathed in scaffolding for its restoration. More important was the taste for tea which spread downwards through English society from the 1660s on. Eventually, as a cartoon of 1825 shows, the once-precious beverage was slurped from tea-urns by *hoi polloi* on street-corners. The problem was: what could we sell the Chinese?

Our cotton was coarse. The "sing-song," — elaborate clocks and automata — were quite successful until the Chinese learnt to copy them. As the Emperor haughtily told an English trade delegation of 1792, the Chinese had everything they needed. Whether his Imperial Majesty was secretly pleased with an exquisite gold and blue-enamelled telescope is not recorded. But the "foreign devil" soon found an answer to the trading imbalance: opium; lots of it.

The Chinese already knew the use of opium, but on nothing like the scale it reached once British merchants were shipping tons of poppies from the Bengal plains to China. The trade was conducted amid subterfuge and hypocrisy, backed eventually by force in the Opium Wars.

The tea-caddies, tea-cups and scenes of tea-plantations which first meet visitors to the Brighton exhibition mark the progress of our own gentle addiction.

The next room bears witness to the amorality of trade. Here we find an exquisite opium pipe, together with a Chinese version of "The Rake's Progress" of William Hogarth. The eloquent prints show a fashionable youth discovering opium at a smart party. It leads to him losing his inheritance, being beaten by his unpermissive mother who holds him by the pig-tail, and eventually taking to a beggar's life.

These prints were produced in about 1860, the closing point for the exhibition, and the year in which the Celestial Empire finally realised the doom brought upon it by those foreign merchants who had once seemed so contemptible. In November 1860 Lord Elgin's troops smashed, looted and burnt the Emperor's exquisite summer palace. "Real" Chinese art was now exported, in the pockets of looters who grabbed gold gods and ivory bibelots. A Chinese grenade—a clay pot which would have been filled with three pounds of gun-powder—somewhat reticently illustrates this final end to Chinese arrogance and innocence.

A lighter theme in the exhibition is the always enjoyable sight of one society interpreting the artistic traditions of another. A saucer which shows on one side a modest milk-maid and shows her on the underside bending over with her skirts up may have puzzled the Chinese copyist less than some other subjects. Huntsmen, on a lovely punch-bowl from the British Museum, wear improbable turquoise and lilac amidst Lilliputian hounds. In a Nativity scene, the Christ Child has Chinese features. Apollo, engaging in hanky-panky with a goddess, has acquired a halo.

Views of Hongkong, Shanghai and other British settlements painted by careful Chinese watercolourists are topographically interesting but formalised, a touch lifeless. So are the portraits of British merchants; Chinese conventions of portraiture were apparently designed as funerary memorials and did not easily accommodate European ideals.

For lively scenes of expatriate life in their toe-hold territories one looks to Thomas Allom (1804-72), who built a reputation as interpreter of the Chinese scenes. His work turned up everywhere—as on the 13 gallon, tea-pot made by Messrs Twining for the Great Exhibition of 1851. Splendidly, Allom never set foot in the Far East; he might indeed have got no closer to China than his morning cuppa.

Patricia Morison

Wild flower power

WHEN something is physically wrong with us, we go to the doctor. But suppose that we feel emotionally shattered, struck down with self-pity or jealousy. What is the remedy?

Tranquilising ourselves into oblivion is one (ineffective) answer. Another is to join the growing numbers using remedies based on wild flowers. Holly can be used to treat jealousy, envy, vengefulness, or suspicion. Elm is suggested for those temporarily overcome by inadequacy or responsibility. Mustard is for deep gloom that descends for no known reason.

The idea of using wild flowers to treat emotional problems was first developed and practised by Dr Edward Bach in the 1930s. He decided that treating patients' physical symptoms was not enough: he had to heal the fears and anxieties that caused them. His research led him to wild flowers and he found 38 to cover negative states of mind.

He prepared them (and still does) by picking the relevant flower-heads, putting them in water in a small, glass bowl, and leaving them in the sun for about three hours. He then transferred the solution to phials, adding an equal amount of brandy to preserve the fluid. "Patients" take two drops of this essence daily.

Near the end of his life, Dr Bach bought a small cottage called Mount Vernon in Oxfordshire—known today as the Bach Flower Centre—where the 38 remedies are made, bottled and distributed.

Since these can be bought in 200 outlets in Britain and exports are increasing (the United States orders 12,000 bottles of different remedies a month), I expected to see a plantation of flowers, with rows of white-coated workers. "Is *this* Mount Vernon?" say amazed Americans, on finding only about eight, mostly part-time workers, and a smallish garden full of traditional English flowers. The only concession to high technology is a type of dialysis machine used to pump the essence into bottles.

The team is headed by Nicky Murray and John Ramsell—brother and sister—who have been involved with the centre since the 1950s. As well as helping to look for the relevant flowers ("a colleague might ring us from Devon and say the water violets are in bloom, and we are off"). Nicky deals with the prescriptions in this country while John handles overseas orders.

They receive 80 to 100 letters a day. What complaints do they have? "I think fear is the basic thing," says Nicky Murray. "There is a fear of life (for which mimulus is prescribed), a fear of the unknown (aspen) and sometimes terror (rock rose). We deal a lot with the shock of bereavement and broken relationships (star of Bethlehem) and guilt (pine).

About three quarters of the letters are from women. But this cannot be seen as the frailty of the weaker sex, as women often write on behalf of men, who are more reluctant to admit they are not fit.

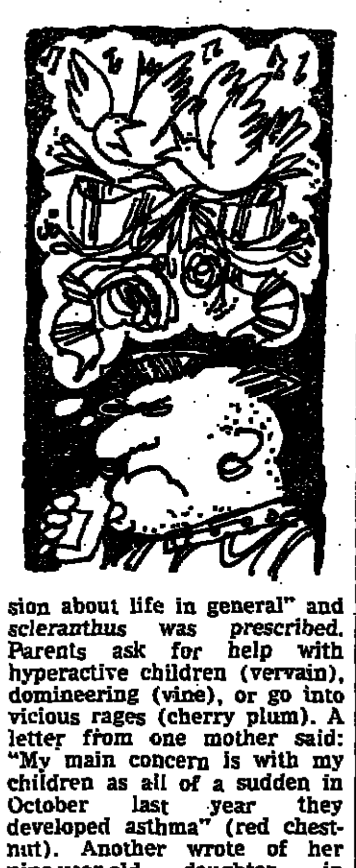
The men who need help usually complain of stress.

ALTERNATIVE HEALTH

They feel overwhelmed with the responsibility of their jobs (elm), or lack of confidence in their own judgment (cerato). As one woman wrote of her husband: "He believes he could have done better in his business and blames himself for what he sees as lack of success. He thinks he is a born loser and is pessimistic." This condition calls for pine flower.

Women suffer less from stress; their problem is mainly fear. One girl wrote to the centre to ask for some aspen to counteract her growing fears about her forthcoming marriage: "I don't want to get a panic attack at the altar and dash out."

All ages can benefit from the Bach remedies. Teenagers write to say they lack confidence (and get larch), are shy (mimulus). One said: "My basic problem is not being able to make a decision about life in general" and scleranthus was prescribed. Parents ask for help with hyperactive children (vervain), domineering (vine), or go into vicious rages (cherry plum). A letter from one mother said: "My main concern is with my children as all of a sudden in October last year they developed asthma" (red chestnut). Another wrote of her nine-year-old daughter, in hospital with anorexia, "who thinks of herself as 'just dirt'" (crab apple).



Complaints about "feeling exploited" (centaury), "being as tired in the morning as when I go to bed" (olive), and "having thoughts that just grasshopper here, there and everywhere" (scleranthus), are not unique to Britain. "America is the largest market," says Mr Ramsell, "but Germany, Austria and Switzerland order a lot, and Denmark, Holland and Australia are very interested."

On average, a phial of essence costs about £1.50 and lasts a considerable while. A price list, order form and reference pamphlet can be obtained from the Bach Centre, Mount Vernon, Scotwell, near Wallingord, Oxfordshire (enclose sae).

The pamphlet lists all 38 remedies, with a description of the state of mind that each treats. If you are undecided, the centre will suggest what you should take. Pamphlets and Bach remedies are also available at many health food shops.

Joy Melville

This is the last in the Alternative Health series.

Gardening

When it's kindness to cut

THERE IS always some pruning to be done in spring but this year there is likely to be more than usual, especially in southern England. This is because of the peculiar winter we have been through: an unusually cold November which did quite a lot of damage before plants had become fully dormant, then a quite mild spell in December and January which got sap rising early, and finally the deep freeze in February. Further north the weather seems to have followed a more normal pattern and by April the condition of most plants should be much as usual.

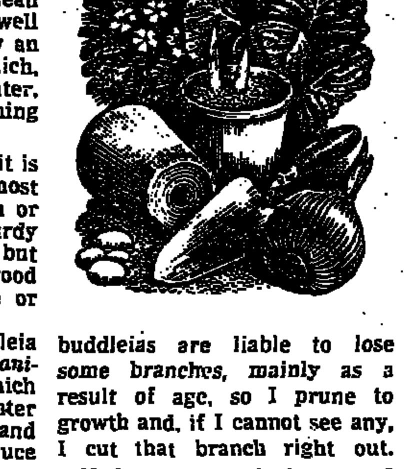
There are two things that principally concern pruners in March and April: one, to get rid of growth that is already dead or so badly damaged that it is unlikely to flourish; the other, less essential, to restrict growth so that rising sap is concentrated on fewer buds, to make new growth stronger and the flowers of better quality.

Sometimes the two aims march side by side: with bush and standard roses it is essential to cut out dead and damaged growth and nearly always desirable to restrict what remains. A lot of last year's stems will have been damaged by frost or die back and will need to be pruned drastically.

The tell-tale sign is bark that has turned dark purple or black. The stems must be pruned below the discoloration to clean healthy wood; thta may well mean finishing up with only an inch or so of some stems which, after a more kindly winter, could have been left anything up to a foot long.

In many parts of Britian it is necessary to cut fuchsias almost to ground level each March or April since even the hardy varieties suffer frost damage but can be relied on to make good new growth from the base or direct from the roots.

The common purple buddleia and the hardy *hydrangea paniculata* are two shrubs which normally get through the winter without much frost damage and are pruned mainly to reduce bush size and improve flower quality. Trouble is most likely if they start to grow too soon and some of my buddleias were already well advanced by late January when the frost struck. I always cut back buddleias to places where I can see new growth, either a cluster of small leaves or a bud that has begun to burst. But even without frost, buddleias are liable to lose some branches, mainly as a result of age, so I prune to growth and, if I cannot see any, I cut that branch right out.



Hydrangea paniculata, and also *H arborescens grandiflora* which grows in the same way and is just as useful though much less planted, are less likely to lose branches in this way and in most years one only has to decide how many stems one wants to retain and how far they should be shortened.

It is particularly necessary to shorten the stems of *H arborescens grandiflora* because, without this aid to sturdiness, it tends to produce too many weak stems which flop about under the weight of the big creamy white flower heads.

Clematis vines signal their state of health very early. Though thin and apparently fragile, they usually start to produce new growth in January and by the time one gets around to pruning them in late February or early March there is no doubt which parts are alive and which are dead. The early flowering ones, like *clematis montana*, *C armandii* and *C macropetala* in all their garden forms, must not be pruned until their flowers fade, which in most years means June. The summer and autumn flowering hybrids like *Jackmanii Superba*, Comtesse de Bouchard, Ville de Lyon and Perle d'Azur, or species like *C flammula*, *C viticella* and *C texensis* can be pruned now just as much as one likes, since they will have plenty of time to make new growth and buds. There is not much point in cutting the species severely, as it is quantity of bloom that one looks for.

With the large-flowered hybrids one has the choice of cutting everything down to within a foot or so of the ground to get smaller plants with larger flowers, or of retaining a much bigger framework of old vines and pruning side growths to a few inches to get far more flowers of a smaller size.

I expect to find that the very attractive blue-flowered caryopteris has suffered a lot this winter in the south and many plants may well be dead, but do not be in too great a hurry to come to this conclusion. Let the malone until April, or even May, when it may well turn out that some are making new growth from the base and can be pruned back.

Willow and dogwoods grown primarily for their winter bark colour must be hard pruned each spring to get the strong new stems that give the best effect. I tend to leave this until April because I cannot bear to loose the colour earlier. Sometimes the new growth is slow in coming but it accelerates remarkably in June and the end product is fine. It is *Salix daphnoides* and the varieties of *S alba*, *Cornus alba* and *C stolonifera* that respond best to this annual pollarding.

Arthur Hellyer

Archaeology

Sussex and its military past

PEACEFUL, prosperous Sussex was for centuries open to attack from the sea. Forty-five years ago the most recent threat did not materialise, but earlier Celts, Romans, Saxons, Normans and French succeeded. Neolithic camps, Iron Age hill-forts, Roman and Norman castles pack the South Downs and the river valleys which cut them.

Lewes is a good base for a visit. Important already in Saxon times, it was fortified after the Norman Conquest by William de Warrenne and his wife Gundrada.

Lewes's attraction was being at the narrowest part of the Ouse valley. The castle held the vital position where any incursion could be stopped, and it ensured suzerainty of a town valued in the Domesday Book at £26 (as against Chichester's £12).

Lewes Castle is unusual in having two artificial mounds. One is for the keep, which has superb views for the Normans' lookout of the town, valley and hills around. The other is for the early 14th century barbican. Walk through the gate and you come to Castle Lodge on the left, early 19th century Gothic and incorporating part of the castle, and then on the right the tilting (jousting) ground, which has been a bowling green for many years.

Barbican House opposite the castle entrance has a newly re-arranged museum of Sussex archaeology. The mustiness I remember as a boy is gone, though much of the material is the same. The display explains the different cultures that have stayed in Sussex, so many of them around the South Downs.

The museum has a model of Neolithic flint mines, which were probably the first real exploitation of a local resource. The flint was made into tools, but was mined with picks, hammers and shovels made from antlers and animal scapulas.

In the Roman room is an evocative reminder of the size of the Roman Empire, a milestone oroginally on the Chichester-Brighton (Roman) road and dedicated to Constantine the Great (307-351). He seems very far away.

From Lewes of the Normans you see at Battle Abbey the likely spot where Harold the Saxon fell, and some of the abbey remains. The building is on Senlac Hill, the ridge the Saxon English held. There are now green fields and woods. It is easy to picture the Normans attacking up the hill and eventually getting the English to pursue tod precipitately a Norman feint. Even on a wet winter day there were 100 visitors.

Pevensey Castle and the Long Man of Wilmington are on the way back to Lewes. At Pevensey the sea came originally up to the south wall and there was a small harbour on the east.

The Romans saw its attraction to invaders, and built the castle as one of the forts of the Saxon Shore. The defences are massive, but the Saxons took them, slaughtering all. Typical Roman features are the courses of thin red tiles among the stones and the great U-shaped bastions.

The walls make a complete circuit. Inside them is the inner bailey of the Norman Robert de Mortain. In 1066 the Normans had landed at Pevensey, and did not wish others to do the same. Pevensey later became one of the Cinque Ports.

The Long Man of Wilmington, cut in the chalk on the North slope of the Downs, is less obviously male than the Cerne Giant in Dorset but quite as curious. He is 312 ft high and holds two staves 115 ft apart. Why is he there? We do not know, though one would say for religious or ceremonial reasons. If we knew his date, that might help. He is probably not post-Saxon and may be their god Woden; or he may be Roman, like the soldier holding two standards on 4th century coins. He fits military Sussex.

From Wilmington you pass between Firle Beacon and Mount Caburn. Both peaks have Iron Age hillforts, as do many others on the Downs, such as Ditchling Beacon, Wolstonbury (above Hurstpierpoint), Devil's Dyke and Chanctonbury, going west. The spacing a few hours' walk along the ridgeway apart of these centres, and of the earlier groups of Bronze Age round barrows, marks how the country was divided in early times.

The hillforts date back to at least the 6th century BC. By the end of the 2nd century BC many of them were not needed, while several had appeared in the Weald, presumably to protect the iron supplies needed for the Iron Age.

But some on the Downs were strengthened, such as the Caburn occupying 3 acres on Mount Caburn, about 500 ft high. We tackled it the steep way up from the south; if this is what the Roman legionaries did in 43 they had to be pretty fit to have the breath to fight when they got to the top. The proper entrance is at the north east, and could have been reached more easily by walking up from the village of Glynde. Despite the defenders' splendid ramparts, ditches and palisades — identified from the post-holes — and the supplies of food in pits, it fell.

Most of Sussex was easier for the Romans. The local tribe of the Regni generally co-operated with them, as is shown by the special favours from the Romans to their king Cogidubnus. Villas were built and lived off farming. Sussex had peace for some centuries, guaranteed by the Roman army, till the Saxons came.

Gerald Cadogan

BRIDGE

MY FIRST HAND today comes from Championship Pairs of some years ago:

```
            N
        ♠ A K 7 3
        ♥ K Q
        ♦ J 10 2
        ♣ K Q 10 4
  W                 E
♠ J 9 5 2       ♠ —
♥ 6 4 3         ♥ A J 10 9 8 2
♦ K 7           ♦ Q 8 4 3
♣ J 9 5 3       ♣ A 8 2
            S
        ♠ Q 10 8 6 4
        ♥ 7 5
        ♦ A 9 6 5
        ♣ 7 6
```

With both sides vulnerable, North dealt and bid one club, East overcalled with one heart, and South said one spade. The opener raised to three spades, and South went on to four.

West led the heart six, the Ace won, and East returned a heart to dummy's King. If there were four trumps in one hand, they were not likely to be with East in view of his overcall, so declarer was careful to lead the spade three to the Queen, East showing out. He returned the spade four, West played the nine, and the King won. Now dummy's diamond Knave was run, and lost to the King. West shrewdly led [illegible] a heart, but the dec[illegible] no mistake, ruffing in hand with his eight of spades, throwing the club four from dummy. He then returned a club to the Queen. Winning with the Ace, East led the diamond four, which ran to the ten on the table.

The declarer cashed dummy's King of clubs, then ruffed the remaining club high with his ten of spades, and returned the six of spades. West played low, the seven was finessed, and the King drew West's last trump. On this trick South "discarded" his diamond nine, and the diamond Ace was his tenth trick. [illegible]ks to the declarer for the neat dummy reversal, and the careful handling of the trumps.

Now for a hand from rubber bridge:

```
            N
        ♠ K 9 7 5
        ♥ A K 8 2
        ♦ 8
        ♣ 7 6 5 3
  W                 E
♠ 2             ♠ Q 6 4
♥ 10 9 5 3      ♥ Q J 7
♦ J 9 4 3       ♦ K Q 7 6 2
♣ A Q 9 2       ♣ J 10
            S
        ♠ A J 10 8 3
        ♥ 6 4
        ♦ A 10 5
        ♣ K 8 4
```

South dealt at game all, and opened the bidding with one spade, and went four spades after a double raise from his partner.

West decided to lead the three of hearts, and the King won. The declarer led dummy's diamond to his Ace, ruffed a diamond on the table, and cashed the King of spades. He continued with another spade, played his Ace, and West showed out. He ruffed his diamond with dummy's last trump, and led a club, hoping to find East with the Ace. Unfortunately, West had that card, and the declarer lost three clubs and the Queen of spades to go one down.

Better technique lands the contract. At trick three South should cross to the heart Ace, ruff a heart in hand, and then ruff a diamond on the table. He ruffs dummy's last heart with his eight of spades, and his diamond with the spade seven. Now he cuts adrift with a club, and the defence take three tricks in the suit. Dummy holds King, nine of spades and a club, while declarer holds Ace, Knave, ten of spades. Whichever opponents leads must "find" the trump Queen for the declarer.

E.P.C. Cotter

هكذا في الأصل

A show where art meets life

Lucia van der Post

HOW TO SPEND IT

A name like Ideal Home Exhibition is asking for trouble. It raises the sort of expectations that no exhibition, no matter how thrilling, could ever hope to fulfill. But if you go in the right spirit, prepared for the crowds and the bulging plastic bags, then you will not be too disappointed.

In pre-Beatle days when there were fewer leisure opportunities laying claim to our time and money, the exhibition used regularly to attract over 1m people. In the golden year of 1957 some 1.3m passed through the turnstiles.

Today 800,000 regularly make a date to look out for gadgets they never knew they needed, to tramp through the show houses looking at colour schemes they had never thought of and to taste food that is a long way from Mrs Beeton.

This year's show opens on Tuesday March 4 and carries on until 8 pm on Monday, March 31. Here, I look at four of this year's highlights.

AFICIONADOS of the show will be familiar with the fact that each year there is a theme. Whoever thinks it up is clearly an inventive character. We have had Rainbows and Balloons, Flights of Fancy and Suddenly, it's Spring. This year the theme is Art in the Home and it really does seem like a breakthrough. If you are the sort of person who shrinks at the idea of a Tretchikoff print being presented as art, then fear not, this exhibition is very much better than that.

To start with, underlining the exhibition's commitment to quality, the pavilion which will house the art is being designed by Fitch and Co. As design consultants go, it would be hard to go higher.

The Arts Council and Liberty, the Regent Street store, have joined hands to present a series of rooms which will be home to paintings, sculptures, prints, drawings and photographs by leading and living artists from all over the country.

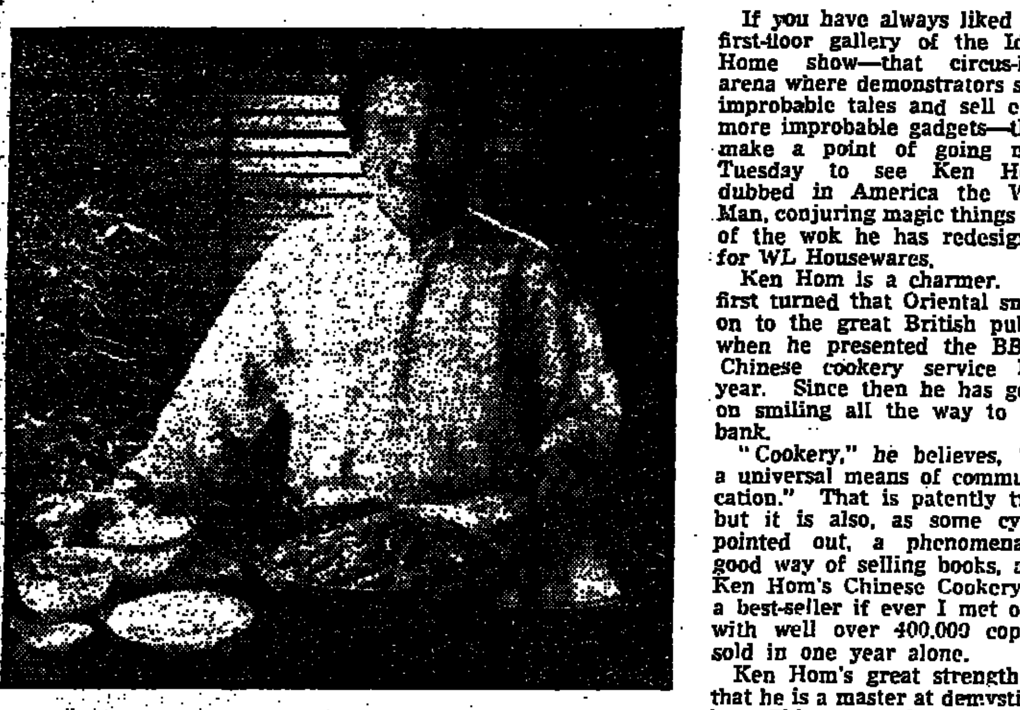
This is a major effort by the Arts Council to bring artists' work to the attention of people who might be too intimidated to go into a small private gallery. Until now the Arts Council has mostly concentrated on encouraging public patronage. The Ideal Home show seems a perfect place to launch its campaign to encourage private patronage and to awaken ordinary members of the public to the delights that an original piece of art has to offer.

Works by artists as famous (and expensive) as David Hockney, Henry Moore and Howard Hodgkin will be on show, as well as work by painters who have only just left art schools, sculptors you will never have heard of, photographers struggling to make a living.

All the works have been chosen by Caroline Collier of the Arts Council. They come either from the artist direct, from galleries specialising in original work or from the Arts Council's own collection. None of the works on show will be for sale but anybody interested in a piece will be told how to attract the artist or the gallery that represents him.

Anybody who has always wanted to buy original work by young contemporary artists, and not known how to set about it, should make a point of visiting the exhibition. It will be an opportunity to see a wide cross-section of contemporary art, a chance to find out for yourself what you do and don't like.

"Patrick, does it not take a long time to be feeding the pig like that? Aye to be sure but what's time to a pig?" Oil on canvas, by Jock McFadyen, from the Living Art Pavilion



Ken Hom with the wok of his choice

If you have always liked the first-floor gallery of the Ideal Home show—that circus-like arena where demonstrators spin improbable tales and sell even more improbable gadgets—then make a point of going next Tuesday to see Ken Hom, dubbed in America the Wok Man, conjuring magic things out of the wok he has redesigned for WL Housewares.

Ken Hom is a charmer. He first turned that Oriental smile on to the great British public when he presented the BBC's Chinese cookery service last year. Since then he has gone on smiling all the way to the bank.

"Cookery," he believes, "is a universal means of communication." That is patently true but it is also, as some cynic pointed out, a phenomenally good way of selling books, and Ken Hom's Chinese Cookery is a best-seller if ever I met one, with well over 400,000 copies sold in one year alone.

Ken Hom's great strength is that he is a master at demystifying Chinese cookery—though respected and accepted by the foodies of this world, he has a knack of presenting Chinese cooking methods in ways easily understood by the Westerners.

He believes passionately in the virtues of Chinese cookery—so quick, so healthy, so fresh, so tasty, "the perfect fast food."

If you thought woks were old-hat, WL Housewares sales figures will put you right. They are selling some 50,000 woks a year and the figure is rising. All the evidence is that the trend isn't going to go away. Cooking with a wok fits in with today's attitudes to food. Men who would not normally be seen near a saucepan or a frying pan will take to the wok—it is quick, it is not as exacting as, say, French cookery, and once you understand the principles you can experiment with it easily.

When asked to help WL Housewares produce the perfect wok Ken Hom wanted to make sure it was made of the right materials and that it sold at the right price ("After all, it shouldn't be expensive because Chinese cookery is above all an economical cuisine").

So the end product, the WL wok, sells for just £14.99. Made from thick spun carbon steel, it has higher sides than most woks; you can stir-fry successfully without splashing food about. It has a small flat bottom, instead of a round one, so that it balances well. The handle is made of walnut (so it does not get too hot) and there is just one; Ken Hom finds the commercial ones with two handles are not so practical for the home cook. It is sold without accessories—in order to keep the price down—and it can be used on an electric or gas cooker.

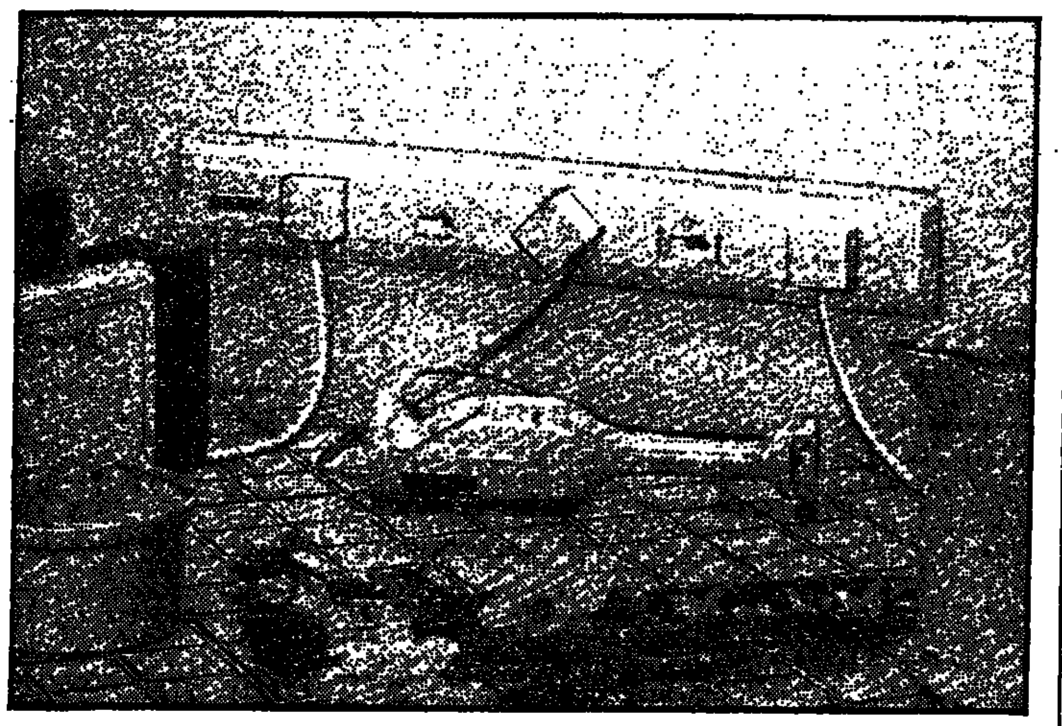
The wok can be bought from most good kitchenware departments and hardware stores, but if you want to see Ken Hom in action you will have to go along to the Ideal Home show on Tuesday between 11 am and 3 pm, when he will be showing how he produces his succulent results.

ANOTHER GADGET that looks dull but is in fact immensely useful—the Electrak socket and plug electrical system. As you can see from the photograph, it is basically a track whose five sockets should cope with most of the equipment that one might need in, for instance, a kitchen.

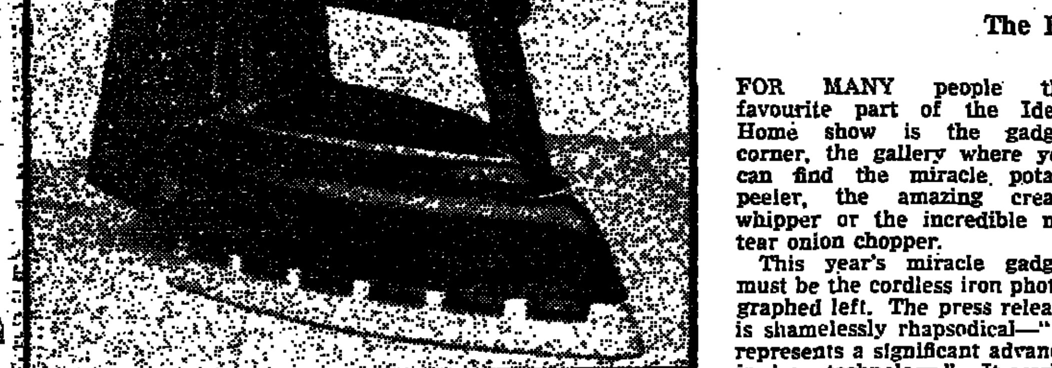
Instead of using, as most of us do, a two-socket outlet with an adaptor (which is both clumsy and could overload the adaptor) this provides in a neat and safe way a good number of outlets. It is safer than the conventional system because in order to activate the electricity the plug has to be pushed in, then locked in by turning it through an angle of 90 degrees. Conversely, to deactivate it you need only turn the plug back through the angle—it need not be pulled completely out.

Many elderly and disabled people find this a simpler way of using electrical equipment and it makes it, of course, very safe for children. Launched at the Ideal Home show, it costs £24.95 for the track and you will also need the special plugs (£1.70 each unless you use an adaptor, which rather spoils the point of the system).

From March 3 it will be available at most electrical shops and departments, or it can be bought by mail from Electrak International Ltd, Consumer Dept, 44 High Street, Kingston-upon-Thames, Surrey KT1 1LQ.



The Electrak: a safe, neat five-socket unit



The cordless iron

FOR MANY people the favourite part of the Ideal Home show is the gadget corner, the gallery where you can find the miracle potato peeler, the amazing cream whipper or the incredible no-tear onion chopper.

This year's miracle gadget must be the cordless iron photographed left. The press release is shamelessly rhapsodical—"It represents a significant advance in iron technology." It works rather like a cigarette lighter and is charged by a disposable butane gas canister.

It is very easy to operate—you switch it on just like an ordinary iron, and the battery (a standard PP3) then activates the electronic ignition system which automatically lights the gas.

It will clearly be a boon to travellers—there is no cord or plug—though it is not as small, flat and light as some of the specially designed, more conventional, travelling irons. It has been through the usual safety tests and is sold with a 12 months guarantee.

The iron will be demonstrated daily on stand No. 419 and it can be bought for £29.95 direct from the Cordless Iron Company Ltd, No's. 4 & 5 Inverness Mews, London W2 3JQ.

Show houses at the Ideal Home Exhibition are reviewed in Property, page XVII.

Sidelines

THERE WILL be a gutsy breath of French air wafting through Harrods this month. In one of the biggest promotions it has ever embarked upon, the store will treat us to a hefty dose of Gallic style.

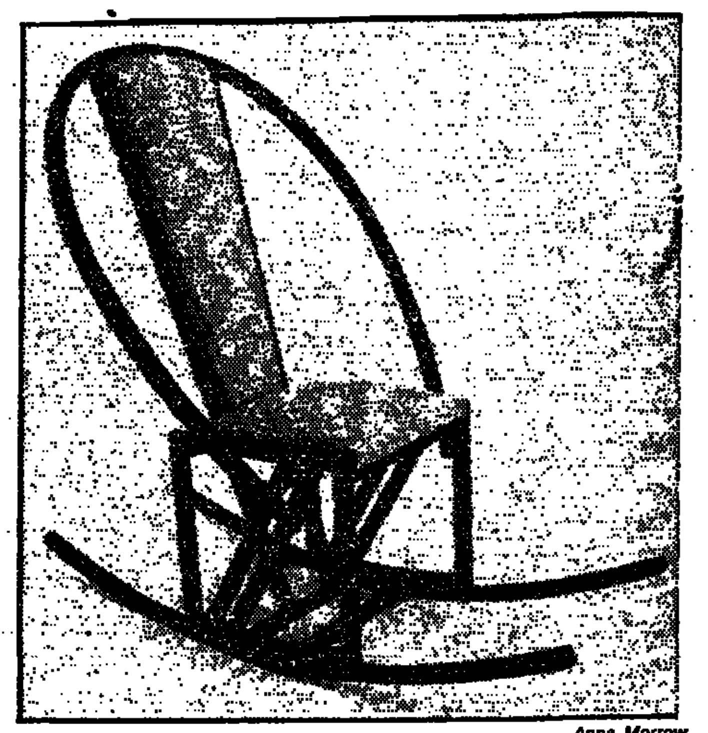
For most of us the most potent symbols of La Belle France are probably the cuisine redolent of the sunny South, and what we have to regard as her pre-eminent chic in the world of fashion. If it is clothes you are after, then get your eye in at the fashion shows being held between March 5 and 8 (£5 for the show and a glass of Kir Royale, £20 for the show and lunch: telephone 01-730 1234 extension 2730 for tickets).

If all that has made you want to reach for your chequebook there will be creations by some 75 designers, from the classic output of houses like Dior, Lanvin and Givenchy to more avant-garde numbers by Jean Paul Gaultier and Apostrophe.

There will be a Marche aux Puces (no doubt every bit at crowded as the real thing) where you can riffle through any number of "antiquités," "brocantes" and bric-a-brac. If you want to catch up on a more up-to-date image of France, take a look at the furniture section: you will see the very latest work of their modern designers.

Give your palate a treat by trying out the food cooked by a team of chefs from the Ritz in Paris—a three-course luncheon including a glass of champagne will be £18.50—and watch out for a new Harrods food line labelled Gourmet/Gourmand.

In the home departments take a look at the elegant glass from Baccarat and Christofle and Vuillermet, and delightful Provencale fabrics by Souleiado.



Anne Morrow

Black finished contrast rocking chair designed by Pascal Mourgue for Pamco, £380 from Harrods.

ONE OF the oldest tricks in the book is to give a chain-store garment an air of class and individuality by changing the buttons. If you are looking for some charming, hand-painted buttons that would add an air of gaiety to any summer knitwear, then look out for the ones made by Claire Abbott and Julie Thornton.

The buttons are made from a hand-washable synthetic clay (you cannot put them in a washing machine, but they are colourfast enough to survive handwashing in warm water). Each one is unique so small variations in pattern and colour occur quite naturally. They come in cards of four large or 6 small buttons which sell for just £2.50 a card at The Button Box, Bedford Street, Covent Garden, London WC2. Anybody who wants to order buttons to a specific colour or design should contact either of the girls at Flat 1, 141a High Street, Rochester, Kent, or 1a Albany Road, Rochester, Kent.

If all the conflicting advice about what you should and should not eat has left you a trifle confused, you can get some professional advice easily and economically from Bejam, the frozen food people. You can get a free copy of "Food Facts" (just enclose a SAE 9½ in by 6½ in) which offers nutritional information on a wide range of food but more usefully you can have your own eating patterns analysed and assessed. You fill in a chart of everything you consume in the course of one week and a nutrition expert analyses it and reports back to you. There is a £5 fee for the assessment. Write to: Bejam Healthy Eating Advisory Service, Honeypot Lane, Stanmore, Middlesex, HA7 1LE.

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DRESSMAKERS among our readers might like to know about the Jean Muir fabric shop at 61, Farringdon Road, London EC1M 3HD. You can buy a wide variety of the printed and plain wools, silks and cottons so familiar to her devotees. Prices range from £4 to £15 a metre. There is a special Jean Muir pattern, graded for sizes 8-16, costing £4.95 and it would enable the nifty sewer to make up a neat Jean Muir dress. There is also a complete dressmaking pack for £49.50 which provides everything you need to sew your own Jean Muir.

L. v. d. P.

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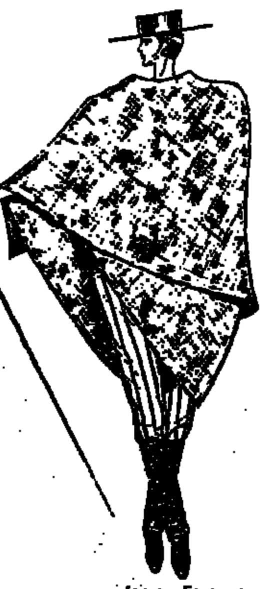

James Ferguson

No wonder the British invented the cardigan—the perfect garment for pulling on and off as you move around in draughty English country houses. The drawback, though, is that unless it has been made by expert hands it is not usually elegant. A much more glamorous way of keeping warm is to wear a serape (the Mexican word for a poncho) like the one sketched here.

Like cardigans, they can be wrapped around you in a trice and unwrapped just as quickly. Many of the grandest designers sell them at astronomical sums but the best value I have come across are the serapes from Johnstons of Elgin.

Made from 70 per cent cashmere and 30 per cent wool they can be ordered in black, navy, burgundy, natural, scarlet, mid-blue, tartan green, dark camel and dark grey. If you are visiting Elgin you could call in at The Mill Shop, Newmill, Elgin, Moray, Scotland. Otherwise order by telephone, using your credit card. Telephone Elgin 7821 and ask for the Mill Shop.

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Readers interested in Antique Discovery, the company run by Sally-Anne Duke and Carola Sutton to track down the antique you are after, should note that the telephone number is 01-673 1198.

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Wine

Making the world your vineyard

A GOOD wine merchant's seasonal mail order list will carry a wide range of sources and types of wine at reasonable prices. It will be doubly useful, for buyers are seldom able to make regular visits to merchants scattered about the country: for example to Beaconsfield, Bristol, Colchester, Dorchester, Shrewsbury and Southwold—the locations of some of the more distinguished traditional merchants who make special efforts with their catalogues.

These firms normally buy their vintage wines early and keep at least a proportion until they are ready for drinking; stock-holders as opposed to the supermarkets, which have no cellar facilities and must buy and sell quickly. Under these conditions most traditional wine merchants would quickly go out of business. So they may be more expensive for the everyday wines, for one or two specialists apart, no wine merchant can live on selling vintage wines alone.

Yet the tradional merchants' everyday wines may be superior to those in the High Street. Their "house" claret may have more bottle-age, their champagne a longer landing-age. And their mail-order sales have an increasing advantage in these traffic-congested days, with delivery usually free for any quantity of a case of a dozen bottles upward.

A generation or so ago a wine merchant's list was very conventional. The wines came from just a few sources: principally Bordeaux, then Burgundy, Champagne, a very limited selection of German wines, even fewer from Italy, and oddments from the Loire and Rhône. These were amplified with longer lists of port and sherry than are often found now. The customers were restricted to narrow, highly conservative circles, most of whom knew their wine or at least those they customarily drank with little variation save that imposed by the vintages. They called for few explanations and few recommendations, and if they did it was over a glass of sherry or madeira in the partners' sanctum.

So the catalogues were simply lists, unilluminated by notes or illustrations. A surviving example of this is provided by the vest-pocket one of Berry Bros & Rudd, which has hardly changed for at least 50 years, and save for a few recently-introduced comments on mixed cases and French country wines, carries no notes.

Today the vineyards of the world are at our disposal, but we cannot be well-informed about them all. Therefore we are entitled to brief descriptions, bearing in mind that it is difficult to describe in a one-or two-line note the varying qualities of such wines as minor clarets or *vins de pays* that are not all that different.

Wine lists are costly to produce and circulate. It is time-consuming to get the wines, stocks and prices right, which is why some firms produce only one list a year. For fuller information serious wine drinkers must turn to books; of which, unlike in the past there are now excellent examples, at least for every important European region.

Of the main catalogues, Lay and Wheeler's of Colchester stands out for its range of wines, attractive design (though not for the latest cover), and intelligent comments. The complicated price tables have been simplified, though it is unclear why the ex-VAT prices have to be added. The same criticism applies even more to the austere but well-documented annual list of Correy and Barrow, London EC1, for *all* their prices are ex-VAT. Presumably their numerous City clients are thought to carry pocket calculators in their brief cases. The headnotes on vintages are ample and well-written.

Adnam of Southwold's annual list is engagingly personal, with pictures of staff and suppliers to make customers feel part of the family. Avery's of Bristol's list is also annual, and has good vintage headnotes, but its lengthy burgundy and claret lists are obviously planned for the sophisticated drinker. Eldridge, Pope of Dorchester has been greatly expanding its wine interests and their thumb-indexed list by country and region includes many distinguished clarets.

Another list from outside London is Townsend of Hull, with vintage wines' drinkability indicated by varyingly inclined bottle emblems. Unfortunately the headnotes credit Joan of Arc with defeating the English at the battle of Castillon in 1453. In fact "we" had burnt her at Rouen 22 years earlier.

Les Amis du Vin, Ariel Way, London W12, produced a very informative 10th anniversary list, with every wine annotated. Not surprisingly Harrods have a long, full-colour catalogue, produced for them by a subsidiary company of *Decanter* magazine. It is a pity that it includes advertisements which give it an over-commercial appearance.

With the exception of Corney and Barrow's tall narrow list, all the foregoing are in A4 format, but the smaller A5 ones are more compact, easier to handle and to put on a reference shelf. These tend to be the catalogues aimed at more sophisticated drinkers, and contain little additional information. They include Green's of the Royal Exchange, London EC3; Justerini and Brooks of St James's, (with a long claret list); Haynes, Hanson & Clark, Lettice St., London SW6; and Townsends of Beaconsfield, specialists in fine French and German wines. More informative for the enquiring are Tanners of Shrewsbury and Yapp of Mere, Wiltshire, whose relationship with their suppliers appears as close as Adnams.

Finally a good word for the lists of the specialists, of whom Roger Harris of Eston Longville, Norfolk, is particularly renowned for his Beaujolais. Then there are the Spanish wine enthusiasts, Arriba Kettle of St Philip's Place, Birmingham, and Laymont & Shaw of Millpool, Truro. Their useful lists are worth following.

A new firm which concentrates on the neglected and generally inexpensive wines of south-west France from Gaillac to Jurançon is Sookia & Bertaut, Cambalt Road, Putney Hill, London SW15. Their modestly-produced list is fairly comprehensive and encouragingly informative.

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Dalton puts it down

THE SECOND WORLD WAR DIARY OF HUGH DALTON 1940-45
edited by Ben Pimlott.
Jonathan Cape £40.00,
913 pages

FEW BRITISH politicians can have recorded more about their experiences than Hugh Dalton, the man perhaps best known for having to resign as Chancellor of the Exchequer as a result of a minor indiscretion to the Press a few minutes before his budget speech in 1947. H wrote three volumes of autobiography which tell much of the history of the Labour Party and the post-war Labour government. He also kept a diary on what seems almost a daily basis from 1916 to 1960.

Ben Pimlott of Birkbeck College, London produced a tantalising biography last year. He has now edited The Second World War Diaries with the same meticulous care and a selection from the rest of the Diaries is on its way.

Yet, on the evidence of all that has been published so far, there is still something missing about Dalton the man. It remains unclear whether he was kind, generous, frustrated, simply personally ambitious, arrogant, had a chip on his shoulder or whatever.

He was reasonably well-born and well-connected. His father was the tutor to the Royal Palace. He was well educated at Eton and King's College, Cambridge. Yet he seems almost always to have lived under somebody else's shadow. At Cambridge he practically fell in love with Rupert Brooke; it was not entirely reciprocated. He looked up to Keynes, who looked down on him. In the war-time government he had the greatest admiration for Churchill, but there is no sign, other than Dalton's own writings, that it was mutual.

He had no interest in his family and despised his sister, partly because she married a man whose views were not socialist. His own marriage—to someone impeccably socialist—fell apart for reasons that the Diaries published so far do not fully explain, though one can see that he must have been an impossible man to live with.

Here, for example, is his Diary entry for Sunday June 22, 1941: "I sleep till 9.30 am and then, *calling over the stairs for my breakfast* [my italics], hear from Ruth [his wife] that the Germans have attacked Russia."

It is striking that a man whose marriage was already on the rocks should have expected to be able to summon his breakfast just like that, and that the Minister for Economic Warfare, as he was at the time, should display so little interest in the German attack. It was, after all, one of the most seminal events of the war, and it does not need hindsight to say so. He was similarly understruck of Pearl Harbour.

That is the key to the Diaries. They are personal only where Dalton's career is affected. When his wife effectively leaves him, the entry for Sunday December 14, 1941 reads in full: "Wet all day, so I read and sleep. Ruth is clearing things up and packing for her move to the North."

The Diaries are also only about the war from the Whitehall and Westminster end. At a meeting of the Labour Party in June 1941 Attlee, rather uncharacteristically, passed Dalton a note: "Two women talking: 'There's one thing about this 'ere bombing, it does take your mind off the bloody war.'" Dalton's mind scarcely seems to have been on the bombs, let alone the war. As revealed by the Diaries, it was on the politics and personalities of the war-time coalition.

Not all of his judgments were all that perceptive: some were inconsistent from entry to entry, and others were plain wrong. What is interesting is that he wrote them down at the time. He was boringly right to reject out of hand the idea of making Noël Coward head of propaganda for Securiry Operations in the Americas, though it would be useful to know more about how it was put up in the first place.

Dalton's first impression of General de Gaulle, never really rectified, was: "Not an inspiring or romantic figure, rather stiff and a Staff Officer more than a Commander-in-Chief." Cadogan, the head of the Foreign Office, was at least wittier: "It's a pity he has a head like a banana and hips like a woman."

On the other hand Dalton was probably right about both Butler and Eden, neither of whom did he see as potentially inspiring future leaders of the Conservative Party. Butler, he describes in December 1940 as, "a curiously indecisive character," though one determined to keep Eden out. In August 1941 Dalton notes Eden drinking milk and admitting to a tendency to duodenal ulcers. "I am told," the diary entry goes, "that this complaint comes from excessive worry, and no doubt Eden is, more than most men, a nervy fusser."

Where Dalton scored over almost all his contemporaries was in collecting young talents: Hugh Gaitskell, Richard Crossman and Evan Durbin, the great friend of Gaitskell who was drowned in 1948. New from these diaries is that he had a similar admiration for Peter Thorneycroft, who subsequently became Chancellor of the Exchequer and, later still, chairman of the Conservative Party. Dalton writes that he would have liked to have had Thorneycroft — "intelligent, attractive and progresssive and an excellent speaker" in the government in the last months of the war-time coalition.

Where Dalton was spectacularly wrong was about his own Party leader, to whom he tends to refer as "poor little Attlee." But most people were wrong about that at the time, except perhaps Churchill who had more dealings with Attlee than Dalton ever realised: and of course Attlee.

Some of Dalton's few general remarks about politics are extraordinarily objective. For example, he wrote in March 1942 that if the Labour Party had to rule on its own after the war: "We could probably furnish a government containing four or five good people in key jobs which is as good as almost any government ever show." The latter part of that statement must be about right.

An entry in September 1943 seems to foreshadow Margaret Thatcher and perhaps Neil Kinnock as well. Dalton told Kingsley Martin, the editor of the New Statesman, that the Labour Party had "too many experts in the art of losing elections, and too many people who specialised in total ignorance of the views and sentiments of the great mass of their neighbours." There is an insertion in the margin to the effect that he once told G. D. H. Cole, the socialist writer: "We must win power by the votes of the football crowds. He was terribly shocked."

In the end Dalton was neither a pygmy nor a great man. His judgments were sometimes right and sometimes wrong. He was sometimes selfish and sometimes kind. What appeared as arrogance to some may have seemed like a chip to others. Possibly we shall never know what made him tick, because the question assumes a single answer and is therefore false. Pimlott's achievement as an historian is to have done the research, thoroughly to have edited the work, and to have told the story—warts and all.

Malcolm Rutherford

The Happy Peasant—one of the drawings in The English Satirical Print 1600-1832, a seven volume series from Chadwyck-Healey, Cambridge. It appears in the volume, The Englishman and the Foreigner by Michael Duffy (£40.00). The prints in this volume strikingly depict the images which 18th century Englishmen formed of their neighbours

Stars and survivors

HOLLYWOOD BABYLON II
by Kenneth Anger. Arrow, £5.95 (paperback). 314 pages

THE CINEMA BOOK
edited by Pam Cook. British Film Institute, £12.95. 368 pages

BRITAIN CAN TAKE IT
by Anthony Aldgate and Jeffrey Richards. Blackwell, £15.00. 305 pages

INSIDE WARNER BROTHERS
edited by Rudy Behlmer, Weidenfeld, £15.95. 343 pages

THE HOLLYWOOD STUDIO SYSTEM
by Douglas Gomery. British Film Institute, £20.00. 202 pages

THAT IT is possible for muckraking to be transfigured by wit, intelligence and insouciance is proved by Kenneth Anger's Hollywood Babylon II. This trove of tittle-tattle about the Hollywood greats is the successor to Anger's first smash memoir about the same and is the least malicious essay in gossip I have read.

Anger, who in pre-writing days was a child actor (fairy in the 1943 A Midsummer Night's Dream) and an underground film-maker (Scorpio Rising etc), writes with a blend of wonder and sorcery that deflates all charges of salaciousness. One secret of the book's appeal is that the Hollywood system and its pressures are as much under censorious review as are their victims.

Anger spotlights the appalling number of child stars who fell victim in later life to alcoholism or suicide, when their too sudden years of fame turned into an adolescence of bit parts and disillusionment. Hollywood, having conjured the pre-pubertal magic from them, then threw them unceremoniously on the scrap-heap.

Inside most superstars, argues Anger is a lost soul or an angry *dybbuk* waiting to get out. Once inside the pages of The Cinema Book, one suspects that many a lost reader or raging sceptic will be waiting — nay clamouring — to get out. For this is the plain man's guide to radical film criticism: 370 pages, edited by the British Film Insititute's Pam Cook, about such mysteries as the *auteur* theory, structuralism, the "castrating gaze," the role of psychoanalysis in film studies, the theories of Christian Metz and Claude Levi-Strauss.

The trouble with yesterday's avant-garde — and much of this is yesterday's — is that it has either become today's mainstream dogma or it has been left behind and forgotten, now seeming even loonier than it did before. The book's survey thus tends to tack between the over-familiar and the outlandish, causing much queasiness in readers. There are commendably lucid outlines of critical approaches to genre cinema: the horror film, the epic, the musical. But Heaven help you if you get lost in the stormy waters of, for example, Lacanian psychoanalysis of Vladimir Propp's "morphology" of the fairy tale.

Britain Can Take It is about the UK cinema under siege; not from today's marauding semiologists and structuralists but from the economic and political pressures existing during World War 2. Those tireless delvers into Britain's movie past, Anthony Aldgate and Jeffrey Richards (who co-wrote Best of British), have picked eleven wartime films for our scrutiny, including 49th Parallel, Pimpernel Smith, In Which We Serve and The Way To The Stars.

Finally, two books about Hollywood's studio heyday. Rudy Behlmer's Inside Warner Bros (1935-1951) is half a book in search of the other half. Fascinating as is this collection of old studio documents salvaged from the past—a history by production memos, letters, call-sheets etc of films like Captain Blood, Dark Victory, Casablanca—one yearns for some up-to-date commentary on the old incunabula: something that would set the context and explain the climate in which Jack L. Warner battled with Bette Davis or the then great directors (Huston, Hawks, Kazan) raged against the then purblind producers.

Douglas Gomery's The Hollywood Studio System goes some way towards filling this gap. Despite a bloodcurdling price for a slim volume (£20), this is a valuable tour of the production policies, business struggles and changing hierarchies of the major studios between 1925 and 1950.

Nigel Andrews

Staying in tune

The Image
by Isaac Bahsevis Singer. Cape, £9.95. 310 pages

The Recognitions
by William Gaddis. Penguin, £7.95 pbk. 956 pages

JR
by William Gaddis. Penguin. £7.95 pbk. 726 pages

Carpenter's Gothic
by William Gaddis. André Deutsch, £8.95. 262 pages

Faces
by Leigh Kennedy. Cape, £8.95. 152 pages

Waterloo, Waterloo
by Teresa Waugh. Hamish Hamilton, £9.95. 180 pages

ISAAC BASHEVIS SINGER writes, in the remarkable 'author's note' to his new collection of short stories, that he never took too seriously the bad news that 'Jewishness and Yiddish were dying' — or the presumptions of critics to the effect that 'the art of telling stories with a beginning, middle, and end—as Aristotle demanded — was archaic, a primitive form of fiction.'

Well, modernism—curiously, in view of its name—is dead: we are into the days of post-modernism now, and no one can agree what that means or ought to mean. But Singer is one of those very rare and supremely great writers who needs to take no notice whatsoever of literary movements.

Singer is what Schiller (having his friend Goethe in mind) called a "naive" writer. But "naive" in this case means "in tune with the universe" rather than "simple" . . . One can immediately see how Schiller felt about Goethe when one thinks of Singer in our own day. Son of a Polish Rabbi, he knew all about Jewish "magic" long before the learned books were published.

There is no need for me to draw attention to the excellence of these new stories by the man who is probably the greatest living writer. It is more to the point to remind all those readers who respond to him (and who does not?) that, if he really is "in tune with the universe"—and the deceptive ease with which we read him really does suggest something of that order—then the universe is, in some way that has eluded the minds of rationalists and even well-intentioned humanists, "magical." In other words, we should remember that "religion" is not so easily replaced as we might imagine. Meanwhile, the amount of sheer pleasure, and pleasure at the highest literary level, to be gained from these tales, is beyond measure. Singer has by no means exhausted his powers, and I leave the reader to discover what new territory he has made his own. As for the death of Yiddish: I think Singer has seen off that legend. How could we, in view of him, allow it to die?

William Gaddis, whose massive first two novels Penguin has now reprinted, has been much ignored. But there are a few who believe him to be the greatest novelist of our time (and one who thinks The Recognitions the greatest novel of all time . . .). Suffice it to say here that his new novel, Carpenter's Gothic, is very considerably shorter than the first two — and that readers could very well choose it before getting acquainted with his two earlier books.

Gaddis is a modernist rather than a post-modernist; which is to say that his techniques rely on Joyce, Céline, Henry Green and other writers of the first half of our century, rather than offer anything new. To be brutally frank, I am glad to have the big novels in handy form, but I know that I shall never read them. I tried when they first came out, and then again when I read the enthusiasts: I found the attitudes expressed admirably stereotyped (so to say) and the actual writing quite old-fashioned: a little manic, and never as funny as the author believed. Gaddis writes, somewhat conventionally (or so some may feel), about the fraudulence, cruelty and crassness of our age. These seem to me to be models of what modernist (not post-modernist) novels might be.

William Gaddis: outsize narratives

The latest one, Carpenter's Gothic, is a tour de force of construction. It uses the tired formula of the well-made play cleverly to suggest a sequence of fraud stretching over two continents. And we should be grateful to Penguin for making the two earlier novels available again.

Faces is a book of stories by a new American author, Leigh Kennedy, who specialises in an attractive (and never malevolent) style of black humour. For example, in "The Silent Cradle" a wife with two children suddenly senses that she has a third child, and, indeed, there are all the signs of one. Nor is this a study in a diseased imagination. All the short tales explore genuinely dark recesses in the modern human mind—and the explorations include cannibalism and malice where none is intended. This is an excellent début.

Waterloo, Waterloo is a light comic novel about cranky people getting their comeuppances. It is slightly crazy, very pleasant and agreeable to read, and points a rather savage little moral.

Martin Seymour-Smith

BOOKS OF THE MONTH

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Reluctant Afrikaner

THE LAST WHITE PARLIAMENT
by Dr Frederick Van Zyl Slabbert. Sidgwick and Jackson, £10.95. 175 pages

"THE LEADER of the White Opposition" proclaims the dust jacket — which of course is no longer true. Dr Slabbert resigned a few weeks ago in a dramatic, unexpected gesture which was interpreted abroad as reinforcing doubts about the reformist commitment of President P. W. Botha. His book was published in South Africa last year; surprisingly, his resignation increases, rather than undermines, the importance and interest of this international edition.

Dr Slabbert was always an unlikely politician and his book is an unusual one (not many politicians would open their memoirs with a description of their mother's death from alcoholism). Seen with the hindsight gained from these pages, last month's resignation no longer comes as a surprise. The author tells how he stumbled into a political career by accident:

Everything in me resisted the kind of life I was heading for. The loss of anonymity, the false confidence of public speaking, the boring conventionality, the intellectual dullness of pub-talk politics, the obligatory ritual of public life. I was off my mind to let myself get trapped into it.

That was when he won Rondebosch for the then Progressive Party in 1974, and even when he emerges as Leader in 1979 he knows more than ever that he is not cut out to be a public figure, that he is bored with parliament, that there must be some better contribution he can make.

Dr Slabbert admits that he was catapulted to the top of opposition white politics not just for his talents (he says nothing about them in these pages) but because he fulfilled the necessary stereotype for a leader of the opposition. He came from the Northern Transvaal, he had trained to be a *dominee* of the Dutch Reformed Church at Stellenbosch, he was a successful academic, he played rugby well —and above all he was an Afrikaner. He records in all modesty that he seemed to have "an almost mystical appeal to the English-speaking voters."

This is not a particularly good book, as Dr Slabbert probably knows—it has the breathless, incoherent quality of some of his parliamentary speeches, which never had the polish and control of the professional orator—but it is an illuminating volume nevertheless.

J. D. F. Jones

CRIME

CHAOS OF CRIME
by Dell Shannon. Gollancz, £7.95. 190 pages

IN CASE you haven't checked in with the Los Angeles Police Department recently, this latest chronicle of Lieutenant Mendoza will reassure you that business is very much as usual. The cops are all becoming fathers or looking for houses (in Mendoza's case he is worried about a swimming pool); and out there, the usual number of crooks is at work: some eccentric, some amusing (a trans-sexual provides some laughs), some pathetic (poor honest citizens too proud to go on welfare). And there is the usual central series of crimes, a sex maniac being the protagonist this time.

Ms Shannon's books could be written by a computer. Aren't any of the LA cops on the take? Do none of them lose their temper and beat up a suspect? True, crime fiction readers do not want much reality, but a little bit might not do any harm.

William Weaver

Céline's good and evil

CELINE: 1932-1944. DELIRES ET PERSECUTIONS.
by François Gibault.
Mercure de France, FFr 149.
378 pages.

POETIQUE DE CELINE
By Henri Godard.
Gallimard, FFr 145.
474 pages.

IN THE 25 years since his death in 1961, the strange fanatical figure of Louis Ferdinand Céline has been largely relegated to obscurity. It is as if his angry shade required a long period of quiet before an objective reassessment of the man and his work could be attempted.

This, however, is now under way. François Gibault has already published two volumes on Céline: *Les Temps des espérances (1894-1932)* and *Cavalier de l'Apocalypse* (1944-1961). Completing the triptych, this new volume, based on a mass of hitherto unpublished material, covers the darkest period of Céline's tormented career, from the writing of *Mort à Crédit* to his years of collaboration under the German Occupation, his flight to Germany after the Allied landings, and his exile in Denmark.

As a writer, Céline first made his mark with *Voyage au bout de la nuit*, distilling in popular language his experiences in the first World War, in which he was badly wounded, and which narrowly missed getting the Goncourt Prize for 1932. But before that, as Louis Ferdinand Destouches (his real name—he took the *nom de plume* Céline from his maternal grandmother) he had already taken a medical degree, and continued to practice at intervals throughout his life. Indeed, his widow, the dancer Lucette Almansor, claims that his real passion was *medicine rather than writing*. This seems difficult to believe, but there were so many contradictions in his Jekyll-and-Hyde nature that everything is possible. As Dr Destouches, he was certainly eccentric, frequently refusing payment for his services.

Unfortunately, his eccentricity took other, less palatable, forms. By the early 1930s, he had become a rabid anti-semite, increasingly obsessed with the idea that the whole world was somehow in thrall to a sinister Jewish conspiracy. He gave vent to this delusion in a number of works of the late 1930s, notably *Bagatelles pour un massacre* and *L'Ecole des cadavres*, and in various pamphlets he wrote later under the wartime Occupation. But his anti-semitism, although it made him naturally sympathetic to the Nazi ideology, was only part of a deeper paranoia. His experiences in the 1914-18 war had filled him not only with an ardent pacifism but with a general disgust for the human condition, and especially for what he saw as the decadence of French society, so that he actively sought to draw down the lightning and to create enemies on all sides, inveighing by turns against the bourgeoisie, the Popular Front, the Church, Action Française and General de Gaulle, but also against the Vichy regime, the Occupying Power, and eventually, against many of his fellow-collaborators.

If that were all, Louis Ferdinand Destouches would doubtless remain merely a pathological footnote to a shabby era. But it also happens —and this is the fundamental enigma—that Céline, his alter ego, was a writer of genius. He had an incomparable ear for cadences, the archaic echoes, the syntactical distortions and the rich substructure of spoken French, scatology, obscenity and all, and in translating all this with effortless audacity on to the printed page, he effectively created a new medium for the French novel, far removed from the academic carapace in which it had long been enclosed.

In *Poétique de Céline*, Henri Godard has exhaustively catalogued the stylistic resources of Céline's prose ranging from the adroit manipulation of argot, dialect and Parisian street slang to an inventiveness in the coining of neologisms that entitles him to bear comparison with Joyce. In short, he pushed the French language to its utmost limits, and in doing so, inaugurated a mode of expression by which French fiction has been profoundly marked ever since.

Erik de Mauny

Wendy Cope: persuasive parodies

Throwing her voice

MAKING COCOA FOR KINGSLEY AMIS
by Wendy Cope. Faber & Faber, £3.95 (paperback). 69 pages

LAKE WOEBEGON DAYS
by Garrison Keillor. Faber & Faber. £9.95. 337 pages

A FEW years ago listeners to Radio 3 were sent into fits of knowing laughter by a programme about a fictitious contemporary poet, one Jason Strugnell, entitled Shall I Call Thee Bard? Strugnell, who spent quite a lot of his working life in the pub, resembled a variety of illustrious originals whose poetic manner and mannerisms were caught to perfection.

At one point Strugnell's landlady explained he was "a quiet sort who liked to read," but whose chief solace, to her annoyance, was listening late at night to jazz:

He didn't seem the sort for being free
With girls or going out and having fun.
He had a funny turn in 'sixty-three
And ran round shouting "Yippee! It's begun."

The author of the programme was a London schoolteacher Wendy Cope, whose poems had hitherto appeared in various little magazines and anthologies. Now they have been collected into a slim volume, Making Cocoa for Kingsley Amis.

The Strugnell poems are all included, dazzling take-offs of a whole range of styles from Raine-like Martian to Fitzgerald's Rubáiyát. Among the Nursery Rhymes there is a version of Hickory Dickory Dock as re-written by T. S. Eliot ("I saw the mouse ascend the ancient timepiece/Claws whispering like wind in dry hyacinths") which takes its place beside Henry Reed's Chard Whitlow: even better still is Baa Baa Blacksheep à la Wordsworth:

Most courteously, in measured tones, he told
Who would receive each bag and where they dwelt;
And oft now years have passed and I am old,
I recollect with joy that inky pelt.

As a profession parody has for far too long been an almost exclusively male preserve; from Beerbohm, through the Punch school (Calverley, Seaman, A. A. Milne) down to the brilliant Roger Woodis. It is refreshing to have Ms Cope so confidently striding in to annexe some of this territory. Like her predecessors she relishes the discipline of highly contrived verse forms such as the rondeau and the vilanelle. If I refrain from saying that she writes triolets about troilets, I do agree she has a happy knack with haiku. Nor are all the poems parodies, some speak directly of love's labour's lost. A lively début.

Another début, at least for British readers, is that of Garrison Keillor. A New Yorker writer, he has long been a household name in the United States for his nightly radio show which has a vast audience. It is easy to see why. Americans love anecdotes, especially anecdotes about isolated rural communities with their local hierarchies and eccentrics, their peculiar ethnic rituals. Stephen Crane called his town for fictional purposes Whilomville and Edmund Wilson dubbed his Hecate County.

Keillor takes us into deepest Minnesota under the alias of Lake Woebegon. He provides the most thorough-going history and topography of this truly imagined region as well as more intimate youthful memories of it. Keillor describes its early nineteenth century Bostonian pioneers, high-minded Transcendentalists who were succeeded by the more down-to-earth Norwegian immigrants. They drained the land and founded the prosperity.

Their descendants provide Keillor with what seems to be an inexhaustible supply of lengthy anecdotes, sometimes spawning shorter ones in the form of footnotes, about people whose work and leisure habits, whose whole outlook and beliefs, he faithfully reconstructs. Local history is even in this pre-fabricated form a beguiling pastime but I found a little of it went a long way.

Anthony Curtis

Max Loppert and Martin Hoyle report from Wales on some vibrant new productions

Stein's stunning Otello

WITH THE Welsh National Opera's *Otello*, shown at the New Theatre, Cardiff, on Thursday, Peter Stein undertakes both his British debut and his second-ever opera production.

Stein, of the Berlin Schaubühne, is, of course, one of the most celebrated directors in the European spoken theatre—which does not always guarantee triumph in the sung (especially as reports of his first foray into opera, the last Paris Opéra *Rheingold*, were so discouraging).

So it is a relief, and beyond that a pleasure, to report that the result of of his collaboration with WNO is another addition to the list, short but glorious, of near-impossible miracles in the company's short history — an achievement that (like the WNO *Tristan* or *House of the Dead*) works against all the ordinary laws of British operatic life and, in so doing, sends one into the night air convinced that opera-as-drama is not the ungraspable will-'o-the-wisp it often seems to be.

The remark that the orchestral and vocal aspects of Thursday's premiere may have shown considerably less gloss than many an "international" *Otello* at Covent Garden is an easy, obvious one to offer. But I do so in passing, not in the way of serious criticism, since I have ever before had in the theatre so fully realised an experience of this opera, so completely engrossing, so serious in its accomplishment on every level. Among those opera-house illuminations that one cherishes for their unification of music, word, and action, this must come to rank very high indeed.

Stein's reputation as an absolute master of theatrical stagecraft is borne out in every production detail down to the smallest. With his brilliant designer-colleagues Lucio Fanti (sets) and Moidele Bickel (costumes) he has conceived a division of the stage into finely marked-out spaces which reflect the psychological and emotional richness of the music. Without in the process re-writing the libretto in the modern mode he has sought and found ways of catching its workings, ways that lend unimaginable depths and resources without ever risking obscurantism or sermonising.

The sets, which with extreme finesse and exactitude of purpose explore realms of Italian Renaissance pictorial perspectives (and their dramatic foreshortenings), are constructed so as to place and define public and private confrontations, concealed and exposed motivations —a "picture-frame" proscenium arch is brilliantly breached to provide a fore-stage from which, for instance, Iago's creed can be proclaimed.

The subtleties of the production risk terrible tortured convolutions in the telling, yet what the spectator recalls above all is an impression of tremendous intellectual clarity. No feature is extraneous; everything functions. The chorus is not regimented to the sidelines but brought to the central focus point, with a quicksilver dynamism of movement hard to remember equalled in any recent Italian-opera performance.

"Why can't we have such things at Covent Garden?" was the war-cry afterwards. But they need a company basis, a real company—the widely-gathered ingredients of "international opera" don't allow such fine, fastidious combinations. Richard Armstrong, WNO musical director, had on Thursday perhaps his finest three hours (the performance has only a single interval, a (marvellous idea). He conducts with that spacious Verdian mastery in which room is found for all the tiny glories of the scoring—the wind chorals at Iago's first jealousy warning, and again in Desdemona's final utterance, was of an exquisite limpidity that was also intensely dramatic. The playing is not perfection in such a context, must repeat, becomes a relative concept.

Jeffrey Lawton, the WNO's home-grown dramatic tenor, succeeds beyond everybody's wildest hopes in his first attempt at the title role. He has obviously based his performance on Toscanini's Ramon Vinay; many of the most affecting inflections suggested the suitability of the model—both voices, the recorded and the "live," share roughness and unwieldy technique, artistically confronted. He lacks *squillo* but not force, and never sensitivity; the scale of all his gifts is perfectly accommodated by the production, and the results are moving in newly and painfully credible ways.

Helen Field, a Botticelli angel, may strain to fill out Desdemona's more ample phrases, yet her unbearable poignancy of stage address seems the more remarkable for vocal difficulties faced and solved with such honest musicianship. Donald Maxwell's Iago (a bit nasal at moments) is the most naturally equipped of the three principals—jester, devil, brilliantly quick-witted aide-de-camp.

No space to praise the smaller roles, all of whom deserve it. This great production plays in five other WNO theatres after its Cardiff run. No one who believes in the greatness of opera at its best will want to miss it.

M. L.

Helen Field

Sound performances being made in Wales

THE FACT that Wales's oldest theatre company is celebrating only its 10th birthday indicates the problems attending institutionalised culture in the Principality, as conscious of its tense double linguistic heritage as Belgium (hence the frequent criticism of the Welsh National Opera as neither Welsh nor National).

Significantly, one of the newest Welsh companies, Made in Wales, is successfully touring the story of a border farm that looks into both Radnor and Hereford. Its first visit to England should find a warm welcome for *On the Black Hill*, Bruce Chatwin's novel adapted by Charles Way. The family saga of stubborn patriarch, errant daughter, refined mother and inseparable twin brothers seems tailor-made for TV serialisation. Its roots firmly in local culture, spiced with folk-music and sung with casual accomplishment by the cast, this is what a regional company should be doing.

Preferably a little faster; though Siôn Tudor Owen and Andy Rivers as the twins pace their scenes together with perfect rhythm—elliptic, pregnant, never dragging. Not all the playing is so assured, and young actors obviously find the upper classes as remote as Martians. Jamie Garven's production exploits such emotional highlights as the mother's death, stylised and touching as she finishes her patchwork cover, aided by Brian Williams's masterly lighting design. Terry Jackson's austere father, laying claim to the randomly-heaped up central podium of Kim Kenny's set, is as genuine as the music.

Made in Wales has made landfall on Swansea's windswept campus, in the Taliesin Arts Centre whose ground floor the myopic might assume to consist of rows of box-offices but which proves an array of cash-points and bank-tills. This is nothing to the surreal effect of an icy midwinter trudge to the hillside complex of Mold's county hall, library and theatre, designed to repel that dying breed, the lone pedestrian who, coming unawares on the dark hulks of row upon row of parked mobile libraries feels he has wandered into an Orson Welles adaptation of Kafka.

Theatre Clwyd boasts the spacious studio which is sending Eileen Atkins's Medea, already reviewed in these pages, to London at the end of the month; and a large auditorium complete with orchestra pit big enough for touring opera. The 10th anniversary season is going with a bang under the ebullient Toby Robertson who has pre-empted London with Vanessa Redgrave's forthcoming appearances in *Antony and Cleopatra* and *The Taming of the Shrew*, confirming Clwyd's supremacy in Welsh theatre.

Mozartian hares are started by Roger Bourke's elegant set for the new *Hedda Gabler*. From the blackness beyond the Tesmans' wall-less villa looms the statue of the late General Gabler. If Donna Anna had married wimpish Ottavio, one feels, she would have turned out like Hedda, craving the briefly tasted forbidden fruit and fretting at the long littleness of married life.

Hedda emerges from the darkness in red, the colour of shame, blood or revolution. But Carol Leader's immediate assets are health and high spirits, more suited to a Jane Austen heroine than to Ibsen's frustrated aesthete whose only creative potential lies in the area that disgusts her.

Annie Castledine's production evokes quick, light delivery that deprives Judge Brack of weight or menace. Hedda takes her place in the emotional food-chain by recoiling, stiff with disgust, from Aunt Juliane's embrace while in her turn terrifying Mrs Elvsted with her ferrocious hug. Introverted and sensitive, Liams Halligan's youthful Lövborg convinces neither as reformed rake nor potential genius.

The suburbanisation of the characters (Hedda giggles with the dapper judge, a soap- opera conspirator; her distinguished parentage is skimmed over) throws the distraught Mrs Elvsted into relief. Barbara Marten is a find. She looks fleetingly like a Redgrave. Nobody's little goose (or little anything—she towers over Hedda), she is powerful in repose, controlled in anguish and obviously up to work and creation; a New Woman in embryo. She is also a Hedda in the making.

M. H.

Saleroom

The market for modernism

ON FRIDAY Christie's will offer for auction paintings by contemporary artists whose work is usually sold through galleries. These pictures feature in a new category of sale—"British and Irish modernist paintings and sculpture from 1900."

The director of the department, Francis Farmar, has been approaching leading artists—mainly those who are known not to be tied to Cork Street dealers —suggesting that they test the water. For the first auction John Copnall has contributed *Blue Diamond*, an abstract of 1985. It carries an estimate of £1,200-£1,800, which is below Copnall's gallery price.

If it does well other artists are likely to join in the next auction. Farmar claims that his initiative has not upset the main London galleries. The more far-sighted of them are starting to realise that if Christie's can attract new collectors for contemporary art they will be the beneficiaries. At the moment some leading galleries, like Waddingtons, are dependent on foreign buying for over 90 per cent of their turnover. It is about time that British artists were acquired by a new generation of British owners.

Galleries have, in the past, tried to protect their artists' work from the salerooms. Undoubtedly paintings that appear there usually fetch less than their gallery price, mainly because the auction houses operate on a lower margin. There have been cases of dealers buying at auction to keep up the price, or even trying to establish higher price levels for artists. Farmar will be on the look out for any such doubtful practices.

Although Copnall is the only artist to have contributed a work to the auction there are a number of other painters on offer who rarely, if ever, feature in the saleroom. They include Matthew Spender, Norman Stevens and David Nash.

In the past they slipped through the auction house net because they lacked the international appeal to be included in a Contemporary Art sale, an event at which works by overseas artists are sold to overseas buyers in London with just a few British names with global appeal, such as Hockney, Bacon, and Moore, featuring. But they fit comfortably into the new sale category, a spin-off from the Modern British Pictures department which, in practice, handled any pictures painted after the High Victorians.

Christie's has introduced the change mainly because, from an art historian's viewpoint, the sales are becoming a ragbag, with Sickert alongside Montague Dawson, the Newlyn School with Russell Flint, Munnings next to the Cubists. Now a division has been made: any artist that was considered avant-garde in his day, even if his day was 1900, is in with the modern.

Splitting the department is also an acknowledgment of its growth and success in recent years, built around the boom in modern British artists.

But, just as Modern British started to be bought by dealers and collectors because the Victorians were suddenly expensive, so now Modern British are beyond the reach of the many and the inter-war artists are being snapped up. Already the experts tip the post-1945 generation for the next price upturn.

Farmar's personal preference for appreciation is the group of abstract artists who appeared in the late 1940s and 1950s and which included Patrick Heron and Roger Hilton, both of whom are represented on Friday. He also sees potential in Sickert, who, as usual, is freely on offer, at estimates ranging from under £1,000 for a sketch to £18,000 for a view of Bath.

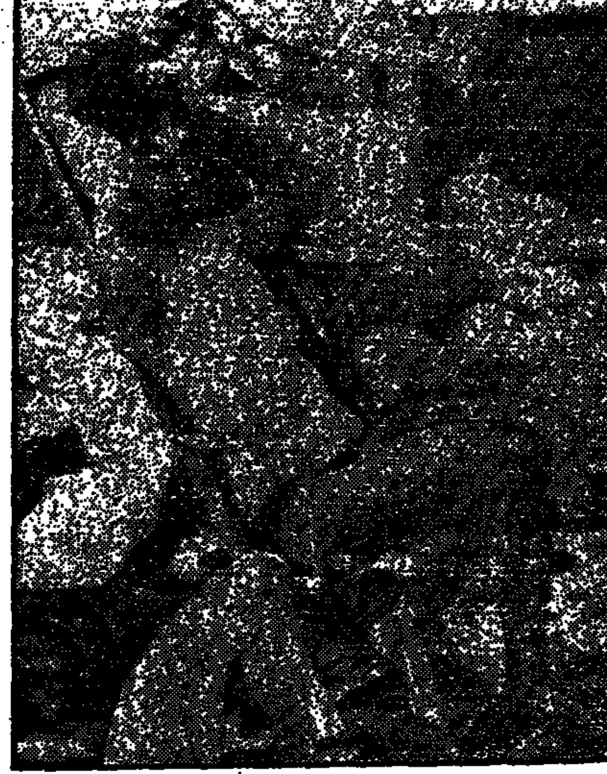
The top price in the sale could well be achieved by another Camden Town School artist, Spencer Gore, for *Behind the Blind*, a mysterious portrait of a girl which carries a modest top estimate of £15,000. Another important painting is *Flowers in a Vase* by David Bomberg.

From an investment angle, modern British paintings suffer from the lack of an international dimension. There are some American buyers, but in the main this is a national market, with private collectors as numerous in the auction room as dealers. But prices are certainly low and the esteem of British artists is rising steadily.

So if you want an Ivon Hitchens now, he is represented thrice at this auction, with typical bold abstracts ranging from £2,000 to £6,000. There are Michael Ayrton bronzes and a Sandra Blow abstract; one Peter Blake and many John Pipers; the under-priced Graham Sutherland and the not so under-priced L. S. Lowry. There is an attractive Tristram Hillier of a farm wagon which just qualifies for its surrealistic resonances, and, from St Ives, *Boats, Cliff and Lighthouse* by Alfred Wallis, with a modest £4,000-£6,000 estimate.

Christie's obviously thinks that the recent extraordinary upturn in price for the British artists of the turn of the century will have a knock-on effect on more modern artists. If Christie's is right, now is the time to buy.

Antony Thorncroft



Detail from Matthew Spender's "Beach Scene"

Video

Vintage H and H

TWO GREAT British screen artists whose work never went off at half-cock were Hitchcock and Hancock. When did two near namesakes ever so perfectly embody the contrasting halves of a nation's soul? Hitchcock's Britishness lay in his *sang froid* and in the slow-drawl sophistication that overlaid a schoolboy's malevolent humour. Hancock had no *sang froid* at all, and his passes at sophistication always had the desparate air of a drowning suburbanite reaching out for high culture.

This Dives and Lazarus double act of Western showbiz has now hit video. While Hitchcock throws up his lofty, scintillating crumbs of black humour introducing four vintage *Alfred Htichcock Presents* tales from the early 1960s (CIC), Hancock follows up his recently re-released TV shows (BBC Video) with a feature film double bill from the same era (Thorn-EMI). Hancock in gloriously floundering form as *The Rebel*, in which he nips off to Paris to become a great artist, is back to back with Hancock donning a spot of pathos for his seaside entertainer role in *The Punch and Judy Man*.

The best Hancock moments are those when the screen virtually empties but for the Lad himself, monologuing away and left to rise up on thermals of bluster and sublimity which invariably end by tailspinning back down to the ridiculous. (In *The Rebel* our hero's notion of modern art is anything with a cube in it, and his notion of Impressionism is to open his mouth and give us Charles Laughton or Robert Newton.)

The best Hitchcock moments, at least on TV, are also those when the Master has the screen to himself. But unlike Hancock, he preserves a grim and mocking dignity even when donning a tutu or schoolboy's clothes or running shorts to play the curtain-raising fool. Beware of distinguished Britishers playing the fool—they are often the craftiest and most Byzantine of the lot.

*

Having gazed at vintage-era H and H, why not bring yourself barnstormingly up to date with *Return of the Jedi* (CBS/Fox)? This unleashes itself this month on video, complete with robots, starships, Jabba the Hutt (a sort of giant, talking haggis), flying motorbike races through redwood forests and galactic showdowns exploding all over your living room.

Alternatively, turn to something more peaceable and piquant. Jim Jarmusch's *Stranger than Paradise* (Virgin) was the hit "underground" movie of 1984. Now please do not run away, thinking that a hit underground movie sounds about as appealing as a hit pamphlet on Sartre.

Jarmusch's film is a deliciously funny deadpan tale of three characters hoofing from state to state in America—New York layabout Willie (John Lurie), his cocky pal Willie Eddie (Richard Edson) and Willie's newly arrived Hungarian cousin Eva (Eszter Balint). It unspools in black-and-white *tableaux vivants* like a series of Pinter-scripted scenes directed by Buster Keaton. Teasing, funny, original, superbly acted: three characters in search of an American dream.

*

In a busy month we can but sashay at lightning speed through the other new video attractions. *Gumshoe* (RCA/Columbia) gives us Albert Finney as a spoof-Bogart private eye clipping out wisecracks in this spry British comedy thriller, directed by Stephen (*My Beautiful Laundrette*) Frears.

Luis Puenzo's *The Official Version* (Virgin) is the harrowing tale of a mother's loyalty and a nation's nightmares in Argentina under the junta. Norma Alcandro as the mother won Best Actress prize at Cannes.

There is more political agony in *Gulag* (Heron), though this time it is accompanied by aesthetic agony as the made-for-cable film pitches us into a *Siberia full of B-movie* dialogue, fake Russian accents and second-magnitude actors (David Keith, Malcolm McDowell) speaking through facefuls of snow. Lovely scenery, though, and an exciting climax.

Nigel Andrews

Funding

Budget booster

THE BIGGEST upheaval in funding of the arts in the UK for many years is imminent. In his Budget on March 18 the Chancellor of the Exchequer is likely to announce tax benefits which will increase corporate support for charities—and the arts. If Mr Lawson does not act, the arts world will feel very let down, so strong have been the Government's signals of change.

In essence the Chancellor is likely to scrap the need to covenant cash over four years when helping the arts, and also to remove the onus upon companies to prove that their arts sponsorship is for business purposes. He may also ease up on the restrictions on arts entertaining and on capital projects.

It is hard to calculate what the impact of such sweeping reforms would be. Mr Colin Tweedy, of the Association for Business Sponsorhip of the Arts, estimates £10m extra spending on arts sponsorship by companies in the first year, building on a current level of £20m.

For guidance on what a loosening up by the Government would lead to, the UK arts community must look to the US. Companies there spend around 1.5 per cent of their pre-tax profits on charity and the arts; the arts alone receive something between \$600m and \$1bn a year out of total corporate giving of \$4bn. In the UK, companies donate only 0.2 per cent of pre-tax profits to good works. The difference is the game to be played for.

Of course, medical and educational charities would be the main beneficiaries of any tax change. But the impact on the arts could be the most immediately marked. Arts sponsorship has grown rapidly in recent years. It is seen by companies as a relatively cheap, socially acceptable way of both improving a corporate marketing image and of "giving something back" to society. Arts sponsorship also offers attractive entertainment opportunities and a chance to appeal to the more affluent sectors of society, although many companies have preferred to gear their giving towards educational projects and deprived inner-city areas.

There is always the possibility of last-minute second thoughts by the Treasury over a measure which will cost up to £50m in lost revenue. There will certainly be a limit on the level of encouragement given to business; companies will probably be able to deduct up to 5 per cent of their profits from their tax bill through this concession.

Also, the Government is unlikely to offer the same opportunity for individuals to cut their tax bills by means of private patronage. It could express pious hopes that such a reform will come, but the cost — perhaps £500m a year in lost tax —would be too severe. In the US the great bulk of giving is by individuals.

If there *are* tax concessions to stimulate business to be more generous to charities and the arts, the arts world fervently hopes that these will not be matched by cutbacks in Government expenditure on the arts through its subsidy of the Arts Council. But if there was a big increase in corporate sponsorship undoubtedly there would be little pressure on the Government to increase its Arts Council support.

By coincidence, this new approach mooted by the Government coincides with a similar innovation by the Arts Council. It is putting £10,000 into a pavilion at next weeks Ideal Home Exhibition to show off the work of present-day artists. Liberty's is providing the soft furnishings, the Council the art work, and interested browsers will be encouraged to contact the artists.

This switch in resources from subsidising artists to increasing opportunities for the public to become private patrons chimes nicely with Government thinking on the arts.

Antony Thorncroft

Radio

Passing respect

WITH A NEW revival of *The Apple Cart* at the Haymarket, and a new collection of his letters to the press just published, Radio 3's appraisal of Bernard Shaw on Monday, *Too Clever to be Good*, was timely. David Wheeler had collected a miscellany of distinguished participants, of whom some were old enough to have remembered personal encounters with Shaw, and it was they, curiously, who found that they had outgrown earlier respect.

Fenner Brockway recalled the advice, "Find out what the Life Force is making for in your time, and make for it too," and and still seemed to think that this meant something. Lord Soper found him weak on sin. J. C. Trewin regretted the absence of sex in his plays, though Ellen Pollock found it in the lines from *A Village Wooing* that she spoke so beautifully. Malcolm Muggeridge, about whom a programme of the same name might one day be devised, reckoned that his inability to take Shaw seriously was due to his Irish origin. Only the younger contributors still accorded him respect, unless, of course, that is what Lord Brockway was doing.

What Shaw was at, said Muggeridge, was just standing up to the British; and Radio 4s Sunday Feature showed the Scots at the same thing. *Playing the Scottish Card* was a study of the Scottish Office by James Naughtie, and it was useful to be reminded that Scotland has its own ideas about law and education and the Church, and is wholly concerned with its own affairs, being, in George Younger's words, "governed from Edinburgh." It also has BBC Radio Scotland, which broadcasts some good stuff not heard on Radio 2, 3 or 4.

On Tuesday it gave us *Blokada*, a fine play by Stephen Mulrine about the German siege of Leiningrad in 1941. It chronicles the fortunes of the Kirillov family, the Bezukhov family, and their resident refugees. It is a bleak picture; Alexei Kirillov is blinded at his factory, Sasha Bezukhov is arrested for a blackout offence, called "spying," the Bezukhov children are evacuated and never heard of again, rations grow less and less until it is impossible to survive.

The atmosphere is well evoked by dialogue and events, with a proper reticence of sounds or music. Great playing by Kate Duchene as Nadya, around whom so much occurs, Edith MacArthur, Rose McBain, Paul Young and others. Marilyn Imrie was the director.

There was a very different Russia in Ostrovsky's *Artists and Admirers* on Radio 3 the following day. We are with a modest theatre company in the Russian provinces, somewhere around 1860. Sasha, eagerly awaiting her benefit night, is devoted to a student, Pyotr, who reckons he is teaching her how to live according to the highest standards. Being an actress, however, she is offered certain advantages by a Prince and a millionaire.

Ostrovsky shows littlefaith in the high standards. He is on the side of Pyotr (Shaun Prendergast) and keeps Sasha on his side too until the last moment. Then Sasha rides away in a train, nominally to work in Moscow, but, as we learn when the train has gone, to the protection of Velikatov, the millionaire. There is an excellent scene where she explains to Pyotr the gulf between her standards and his. Natasha Richardson's performance as Sasha was superb. The director was Matthew Walters.

B. A. Young

Solution to Chess No. 609

1 Q-R3 (threat 2 N-B5). If 1 . . . Q-B1; 2 NxP, or if Q-K8; 2 QxB. Not 1 Q-KN1? Q-B5!

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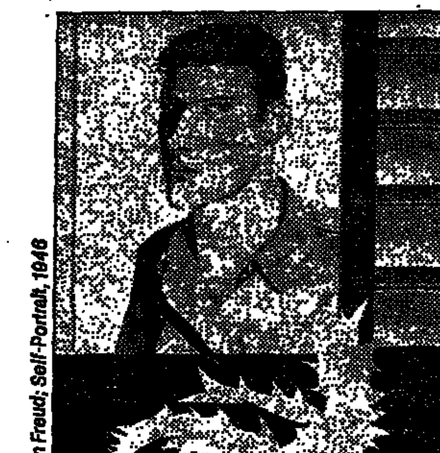

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WEEKEND FT

Private View

Hold the Back Page

"HOST Watered Gin As A Favour" was the big story in the dailies this week. Or it was "Duncarrig Wind, in trap six, knocks most of his rivals out of the reckoning in the Hackney opener." Or again it was "Mowa-maraton Gorbaczowa."

None of the national, daily papers from which these and subsequent quotes are taken, is printed in Wapping, created by Eddy Shah, or promised by Robert Maxwell. As news-gathering operations, the "other dailies" are somewhat limited. But they have the supreme virtue of coming out on a regular basis, which is more than can be said for much of Fleet Street these days.

They show that producing a daily paper is, of itself, no big deal. If Britain's Polish-speaking community can support its own newspaper—and it can: The Polish Daily and Soldiers Daily—then there is surely hope for the dissident Telegraph journalists aiming their Independent at Britain's English-speaking community.

It was no sacrifice to ignore, for one day this week, all the conventional papers from the Daily Star to the Morning Star and hunt around instead for the publications seldom found at the corner newsagents. Now that a typical Sun lead story is "Maimed by Madonna" (Pop star's car bumps into our cameraman shock horror) it made a change to see that the front page of the publicans' paper, the Morning Advertiser, true to its name, consisted of a full-page ad.

This, "The world's only drinks trade national daily newspaper," is *a good place to* go for stories of criminals melting down stolen kegs and for advertisements for "genuine old anchors for sale, suitable for maritime pub," but its international coverage is rather limited.

For this one turns to The Polish Daily, but only if one's Polish is up to scratch. Otherwise only the odd noun such as "Marcos" hits the eye. "Sport" was another, as was "Croydon." The linguistically backward reader might as well save his 25p (50p for the bumper Saturday edition).

The Sporting Life, too, was less than cosmopolitan, apart from "Royal Hong Kong Jockey Club sack steward." It is not without culture, containing as it does a review of a video en*titled To Ride Like a Champion*, and an "exclusive fine art print offer of Ballyregan Bob, Greyhound of the Year 1985." But "Rainbow Warrior will miss Gold Cup" turned out to refer to a horse, not the Greenpeace vessel sabotaged in New Zealand.

By contrast, the only comprehensible bits of The Daily Jang, "UK's First and Largest Circulated Urdu Daily," were found on a page of world news printed in English. "GM Syed denies misunderstanding with Jam Saqi" was the reassuring news out of Karachi. Jang differs from most dailies by reading from the back, presumably in accordance with Urdu script. "Hold the back page!" they must have cried, as new pictures of Mrs Aquino and ex-president Marcos arrived and were jammed into their slots.

Those particular illustrations were not in my copy of Lloyd's List; but this shipping daily made up for it by an individual line from Manila: "Crisis threat to Philippines ship ventures." Lloyd's List sees the world as a terrible place, where *perils of the sea include good* ships being impounded as owners go bankrupt and where cargoes sink in value during a short voyage.

The News Line, "The only Trotskyist daily newspaper in the world," produced by the Workers Revolutionary Party, sees the message of Marcos, "ousted by the revolutionary masses," rather differently. Recent events in the Philippines show that "this is the period for the world socialist revolution and our paper will fight for this each day," so please support the publication by topping up the Fighting Fund, which totals £1,255.87.

There are readers who hold that The News Line is worth every penny for its "Workers Notebook" and its full-page articles on "A new era for the Fourth International," not to mention the announcements of lectures on "Trotskyism Today" by Corin Redgrave. Such readers will want the paper to achieve the grand total of a quarter of a million pounds, needed "to expand and improve The News Line" and — who knows? — print at Wapping. Wherever the different dailies stand on capitalist issues, they share one fact of life. They all have to pay the printers.

Jonathan Sale

Martin Bell in action . . . glittering prizes at the end of the slope

After this, it's all downhill

NEGOTIATING THE sheet ice covering the way to No. 10, Pannal Ash Drive, Harrogate, isn't quite so tricky as a ski slope, but it does concentrate the mind for a meeting with Martin Bell. This is the Bell family home, where Martin has been taking a few days rest this week before flying out to Aspen, Colorado for another group of *World Cup downhill races.*

In recent weeks Martin, 21, has given British skiing enthusiasts the unfamiliar sweet smell of success. He has just returned from Sweden after rating fifth in a World Cup event, only a second behind the winner, Franz Heinzer of Switzerland. Can he go on to bring back to Britain one of the real glittering prizes of World Cup skiing and even take a medal in the 1988 Olympics?

It is hard to get any clue from Martin himself. An attractive, obviously athletic young man, he hasn't yet acquired the charisma of an international sportsman. Nor has he decided he is some kind of Mr Wonderful—it was hard to get him to talk about himself rather than the team. But the band wagon is rolling and he is firmly on it.

Brigadier Aubrey Fielder, secretary of the British Ski Federation, says: "At 21 he is one of the youngest skiers in World Cup racing and is in the world top 10 of downhill racers. He should be reaching his peak at the time of the Olympics. There is still a great potential. His success isn't a flash in the pan—the progression has been most impressive."

In the days before Aspen Martin rests in the sitting room at Pannal Ash Drive and chats with brother Graham, a year younger than Martin and himself a member of the British team. There doesn't appear to be any needle between them, although some experts say that Graham has even greater potential than Martin if he can recover successfully from a recent knee injury.

Martin is naturally pleased about his own successes, but talks mostly about the shot in the arm sponsorship has given to British skiing. "There probably wouldn't have been a British team without Gordon's gin," he says, a reference to the £140,000 the drinks company is putting into the sport.

"This sort of sponsorship gives British skiing what it has often lacked," he said. "The successful countries are the ones with skiing conditions on their own doorstep. British skiers have always needed to travel just to train, and the money has not always been there."

Living in Harrogate, Bell has already been adopted as a Yorkshireman, difficult unless you are very successful at something. Actually, he was born in Cyprus, his father an RAF officer now serving at Church Fenton, York, and had his first sight of skiing in the Troodos mountains.

But it was his mother, who looking for a different kind of holiday, took the brothers, aged six and five, for a skiing holiday in Scotland. Since then *they have hardly ever been off* skis. Martin says: "That's the kind of age you need to start if you're going to be international class. There are other sports you can take up later and reach the top, but with skiing, starting young can be the difference between just being good and reaching international standards."

Success has already introduced him to the demands of the media. "You may have to sing for your supper," top sportsmen are told, and in the middle of last week he had to interrupt his break to appear on television receiving a gift of a half gallon of Gordon's gin in London.

Over at the British Ski Federation, they are delighted by Bell's success and hope it might bring in more sponsors. Brigadier Fielder says: "At the moment, about £140,000 a year is going into the team, but it isn't very much when you consider that the American budget is about £5m a year."

It does put an additional responsibility on a young man like Martin Bell. Sponsors are, in the end, only interested in winners, and realising that you're not only a brilliant skier, but a kind of money spinner, is a chastening thought on a cold winter's night in Harrogate.

Alan Forrest

Cricket

Short sharp shocks

MIKE GATTING's smashed nose was an unfortunate accident, sadly depriving England of his services for two Tests in the West Indies. Although entirely due to his own mistake it could spark off further complaints against short-pitched, fast bowling, especially if as it seems likely, the West Indies pacemen over-employ this tactic in the series.

The campaign to ban the bouncer stems from a considerable growth in the number of batsmen who have been felled in the past decade. Although no fast bowler was able to register a direct hit on the unhelmeted heads of Messrs. Weekes, Worrell, Walcott, Edrich, Hutton, Compton (although he once mishooked a Lindwall bouncer into his face), Simpson, Graveney, Milburn, Arthur Morris, or Eddie Barlow, most of the present England team have suffered this fate more than once.

There are several reasons for the increase in injuries. First, more bouncers are sent down, because there are more fast bowlers in county cricket as a result of *the importation of* overseas cricketers.

Even the use of the protective helmet has created problems. *It seems to have given* more players false confidence so that they try to hook, a stroke they would never have attempted without a helmet.

The recent Palmer Report on the problems of English cricket points out that some batsmen are in trouble against bouncers because their basic technique, especially their footwork, is incorrect. They are unable to sway backwards, or forwards, and simply watch the bouncers fly back, as Reg Simpson did so easily and elegantly. Incidentally, there is nothing new about four fast bowlers in one Test team. I faced an Australian XI which contained Lindwall, Miller, Johnston, Davidson and Archer, and another which included Lindwall, Meckiff, Davidson and Rourke.

A combination of three other factors contributes to the problem—artificial fertilisers, the ball and pitches which make batting more difficult. The fertiliser helps to retain the shine, seam and shape of the ball. In the past it often became so soft that deviation was improbable and being hit less painful. Test pitches also appear to be less trustworthy. What should worry a batsman is not a bouncer which lifts, but the *one that keeps low.*

What is a bouncer and what is its purpose? The bouncer is a fast ball, pitched deliberately short, and the normal target is the rib-cage. The height will vary according to pace, angle of delivery and pitch.

A batsman requires courage as well as skill, and a well-directed bouncer will quickly disclose anyone lacking the first first requisite. But the greatest value of it to a fast bowler is the number of wickets it obtains. South Africa's Peter Pollock captured 25 Test wickets on his 1963-64 Australia tour and estimates that half were the result of direct or indirect use of a bouncer. And Ian Botham's short ones must have produced many of his Test wickets.

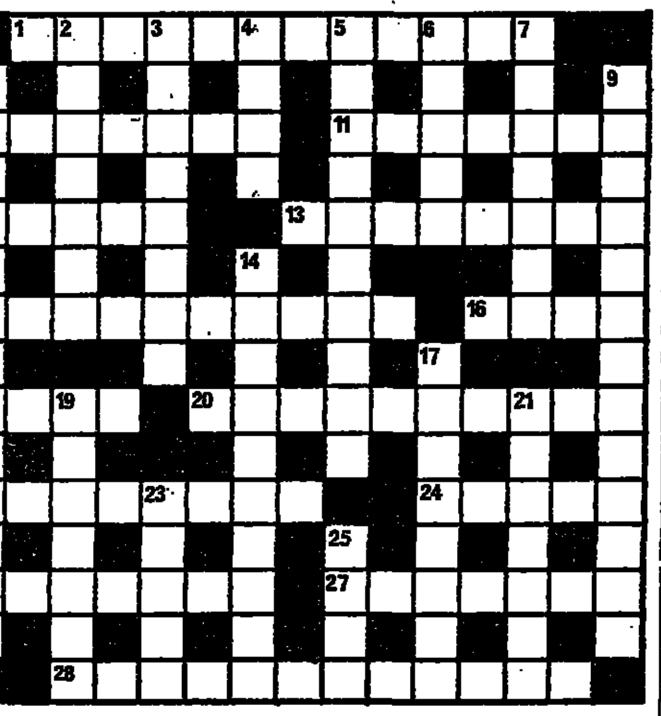
Ideally a hook shot should be played down, but a cross bat stroke to a bouncer travelling fast and unpleasantly close to one's face is tricky. As a result there is always a chance of being caught near the boundary, and a mishook can provide an easy chance, almost anywhere. Despite these problems the bouncer represents an almost irresistible challenge to some players as the frequent suicides of Hilditch and Wood illustrated last summer. Judging by *the four wickets which* went to bouncers in our recent innings at Sabina Park, the disease is catching.

What fascinates me is why batsmen continue hooking when there are two men back on the boundary. Gary Sobers, who was a superb hooker refused to employ the shot in these circumstances because the odds were stacked too heavily in favour of the bowler. A bouncer may also induce a fatal, involuntary shot, to ward off a painful blow or to keep down a ball which has risen higher than he expected.

I hope the bouncer will never be banned. It has been an integral part of the game for more than a century and a valuable weapon in every fast bowler's armoury. But I believe it should be a shock, not a stock ball. A surfeit of bouncers is not only bad for the game, but deliberate and persistent intimidation is not permitted by the Laws. Unfortunately most umpires either have failed to read Law 42, or are strangely reluctant to apply it.

Trevor Bailey

F.T. CROSSWORD PUZZLE No. 5,961



Prizes of £10 each for the first five correct solutions opened. Solutions, to be received by next Thursday, marked Crossword on the envelope, to The Financial Times, 10 Cannon Street, London EC4P 4BY. Solution next Saturday.

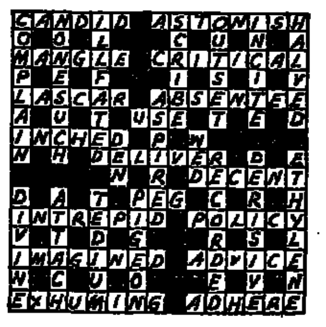
ACROSS

1 Return of no small work emphasised a measure in the kitchen (12)
10 *Put a top on a dish* when it's completely dressed (3-1-3)
11 Insect eats newt first: meat and drink? (4, 3)
12 Love has forbidding aroma (5)
13 Cricket bag, possibly, may set a precedent (4, 4)
15 Jeff's partner in full could supply a clue for M (10)
16 Muse on first of cats — Manx cat? (4)
18, 20 Depressed, eating feathers? (4, 2, 3, 5)
22 Insufficiently radical agreement? (3, 5)
24 He has a belt with gold (first) attached (5)
26 Painting creditably found in a field? (3-4)
27 Rootstock in city—summons at last (7)
28 German tenets about alienation (12)
21 Legendary creature in tunic or necktie (7)
23 Silly writer turns up in it (5)
25 Jumper as part of military uniform? (4)

DOWN

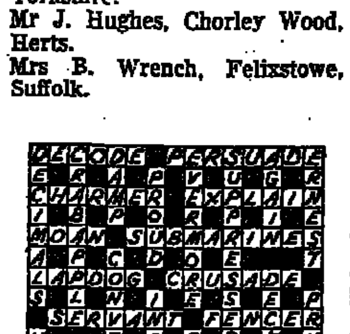
2 Take advantage of achievement (7)
3 Lake, possibly ours, with a fairy in it (8)
4 Knot not far below sea level (4)
5 Cavalryman's bag, the sea-crab? (10)
6 Clear round on green (5)
7 Score a goal in a game (7)
8 Where one lives, unless an address? (13)
9 Be very careful with a sac on the neck? (4, 2, 7)
14 It's cold in the country: you you need a fur (10)
17 Funny poem by Scots writer turning up in shop (8)
19 Old English among new Welsh: of course you have named the right person! (3, 4)

Solution to Puzzle No 5,960



Solution and winners of Puzzle No 5,955

Mrs D. M. H. Evans, Lymington, Hampshire.
Mrs F. R. Golder, Alderney, Channel Islands.
Mr J. Hawley, Pontefract, West Yorkshire.
Mr J. Hughes, Chorley Wood, Herts.
Mrs B. Wrench, Felixstowe, Suffolk.



هكذا في الأصل

SATURDAY — TELEVISION AND RADIO

† Indicates programme in black and white

BBC 1

8.30 am Hunter's Gold. 8.55 Bananaman. 9.00 Saturday Superstore. 12.15 pm Grandstand including 12.50 News; Football Focus; Boxing; Racing from Newbury and Racing from Haydock Park; Rallying; Rugby Union: Five Nations Championship, England v Ireland—whole match live from Twickenham followed by highlights of Wales v France (Cardiff): and at 4.40, Final Score (classified results).

5.05 News. 5.15 Regional programmes 5.20 The Muppet Show. 5.45 Jim'll Fix It. 6.20 The Dukes of Hazzard. 7.05 Every Second Counts. 7.40 The Little and Large Show. 8.15 The Collectors. 9.05 News and Sport. 9.20 Film: "Fear is the Key" (Barry Newman stars with Ben Kingsley and Suzy Kendall). 11.05 Film: The Horror Movie: "Ruby."

BBC 2

†1.55 pm Film: "The Las Vegas Story" starring Jane Russell, Vincent Price and Victor Mature. 3.20 Film: "Underwater" starring Jane Russell 4.55 Laramie. 5.45 Deutsch Direkt! 6.10 Horizon: The Children of Eve. 7.00 Newsview. 7.40 International Pro-Celebrity Golf. 8.30 The Sea of Faith. 9.20 Stuart Burrows Sings. 10.10 Saturday Review. 11.00 Globe Theatre: "Due to an Act of God" (in German with English subtitles). 12.40-1.15 am Jazz 625: The Coleman Hawkins Quintet.

LONDON

6.55 am TV-am Breakfast Programme. 9.25 No 73. 11.00 Captain Scarlet. 11.30 Secret Valley. 12.00 News. 12.05 pm Saint and Greavsie. 12.30 Athletics—the USA Indoor Grand Prix Final from Madison Square Garden, New York. 1.20 Airwolf. 2.15 Benson. 2.45

Peter McEnery in "The Collectors." BBC 1, 8.15 pm

Snooker—Dulux British Open. 4.45 Results Service.

5.00 News. 5.05 Blockbusters. 5.35 The A-Team. 6.30 The Grumbleweeds Show. 7.00 The Price is Right. 8.00 Murder, Mystery, Suspense. 9.45 News. 10.00 Aspel and Company. 10.45 LWT News Headlines followed by Snooker. 12.15 am Night Thoughts.

CHANNEL 4

1.00 pm The Flowering of the Pacific: Banks' Florilegium. 2.00 "Royal Wedding" (Fred Astaire and Jane Powell star). †3.45 "The Saphead" (Buster Keaton's first feature-length silent film). 5.05 Brookside Omnibus. 6.00 Family Ties. 6.30 Unforgettable. 7.00 News Summary followed by Seven Days. 7.30 Down Home. 8.30 Saturday Live. 10.00 Hill Street Blues †11.00 "Son of Frankenstein" (Basil Rathbone stars with Boris Karloff) †12.30 am "Return to Glennascaul." 1.15 The Tell Tale Heart.

SC4 WALES

2.15 pm Rygbi: Cymru v Frainc. †4.10 Feature Film: "For Those in Peril." 5.25 Men and Music: Composer and Court. 6.25 How Does Your Garden Grow? 6.55 Hwnbwrh. 7.30 Newyddion. 7.40 Stumiau. 8.15 Can I gymru. 9.00 Y maes chawarae. 10.10 Saturday Live. 11.40 Brothers.

REGIONS

IBA Regions as London except at the following times:

ANGLIA
11.00 am Terrahawks. 11.30 The Flying Kiwi. 2.15 pm Small Wonder. 12.15 am Shared Prayer.

BORDER
11.00 am The Greatest American Hero. 2.15 pm Small Wonder. 5.05 Dreams.

CENTRAL
11.00 am The Greatest American Hero. 2.15 pm Small Wonder. 5.05 Mr and Mrs.

CHANNEL
11.00 am The Greatest American Hero. 11.59 Today's Weather. 2.15 pm Mr Smith. 12.15 am After Midnight: Rick Springfield.

GRAMPIAN
11.05 am The Greatest American Hero. 2.15 pm Small Wonder. 12.15 am Reflections.

GRANADA
11.05 am The Greatest American Hero. 2.15 pm Mind Your Language. 5.05 Connections. †12.15 am "Never Look Back" starring Rosamund John and Hugh Sinclair.

HTV
†11.05 am Fireball XL5. 11.30 Captain Scarlet and the Mysterons 11.58 HTV News. 2.15 pm Supercar! 5.05 Terrahawks
HTV Wales—As HTV West except: 6.00 pm One Thousand Voices. 8.50-9.45 Side-Steps.

SCOTTISH
11.00 am The Glen Michael Cavalcade. 11.45 Adventures of Jeremy. 2.15 pm Small Wonder. 12.15 am Late Call.

TSW
9.25 am Fisheries News. 9.35 No 73. 11.00 Gus Honeybun's Magic Birthdays. 11.03 Freeze Frame. 11.57 TSW News. 2.15 pm Bullseye. 5.05 pm Newsport. 5.10 Blockbusters. 12.15 am Postscript.

TVS
11.00 am The Greatest American Hero. 11.57 TVS Weather. 2.15 pm Mr Smith. 12.15 am Rick Springfield—The Best of the Live Drum. 1.15 Company.

TYNE TEES
11.00 am Morning Glory 11.05 The Little House on the Prairie. 2.15 pm Benson 5.05 Mind Your Language. 12.15 am Poet's Corner.

ULSTER
11.00 am The Baron. 11.58 Lunchtime News 2.15 pm Small Wonder. 5.03 Ulster News. 5.05 Connections. 9.57 Ulster News. 12.10 am News at Bedtime.

YORKSHIRE
11.00 am The Baron. 2.15 pm Small Wonder. 5.05 Ask No Questions. 12.15 am Festival Folk.

Sue Robbie hosts "Connections," ITV regions

RADIO

(S) Stereo on VHF

BBC RADIO 2
8.05 am David Jacobs (S). 9.00 St David's Day Celebration (S). 10.00 Sounds of the 60s (S). 11.00 Album Time (S) 1.00 pm Ken Dodd's Palace of Laughter. 1.30 Sport On 2 including Rugby Union: England v Ireland and Wales v France: Football, Cricket: Racing from Haydock Park: Rugby League and at 5.00 Sports Report. 6.00 Folk On 2. 7.00 Beat the Record. 7.30 Band Parade. 9.30 String Sound (S). 10.05 Martin Kelner (S). 12.05 am Night Owls introduced by Dave Gelly (S) 1.00 Jean Challis presents Nightride (S). 3.00-4.00 A Little Night Music (S).

BBC RADIO 3
7.00 am News 7.05 Aubade (S). 9.00 News. 9.05 Record Review (S). 10.15 Stereo Release (S). 11.25 Boston Symphony Orchestra conducted by Charles Dutoit: Handel, Mozart: 12.20 pm Interval reading: 12.25 Schubert (Symphony No 2) (S). 1.00 News. 1.05 Early Music Network (S). 2.00 Wilhelm Furtwangler. 4.00 De Saram Clarinet Trio (S). 5.00 Jazz Record Requests (S). 5.45 Critics' Forum. 6.35 Music for the Iron Voice (S) 7.15 BBC Philharmonic Orchestra conducted by Bernhard Klee: Messiaen, Goldmark (Violin Concerto, with Fredell Lack); 8.05 Interval Reading: 8.10 Brahms (Symphony No 1) (S). 9.00 Richard Markham and David Nettle, piano duet (S). 9.45 Verdi: 4 Sacred Pieces performed by the BBC Welsh Chorus and Symphony Orchestra conducted by Andrew Davis (S). 10.30 Bottesini chamber music (S). 11.00 La Petite Bande (S). 11.57-12.00 News.

BBC RADIO 4
7.00 am News. 7.10 Today's Papers. 7.15 On Your Farm. 7.45 In Perspective with the Rev Roy Jenkins. 7.50 Down to Earth (Weekend gardening). 7.55 Weather: Travel. 8.00 News. 8.10 Today's Papers. 8.15 Sport On 4. 8.48 Yesterday in Parliament. 8.57 Weather: Travel. 9.00 News. 9.05 Breakaway. 9.50 News Stand. 10.05 The Week In Westminster reviewed by Michael Elliott of The Economist. 10.30 Loose Ends with Ned Sherrin and studio guests. 11.30 From Our Own Correspondent. 12.00 News: Money Box. 12.27 pm Just a Minute (S). 12.55 Weather. 1.00 News. 1.10 Any Questions? 1.55 Shipping Forecast. 2.00 News: The Afternoon Play (S). 3.00 News: International Assignment. 3.30 The Saturday Feature: The Long Hour. 4.15 Not Another Diet Programme. 4.45 Persona Grata 5.00 The Living World. 5.25 Week Ending (S). 5.50 Shipping Forecast. 5.55 Weather: Travel. 6.00 News: Sports Round-up. 6.25 Conversation Piece. 6.50 King Robert of Sicily 7.05 Stop the Week with Robert Robinson (S) 7.45 Baker's Dozen (S). 8.30 Welsh Drama: "Three of Swords" by Mike Dorrell (S) 9.58 Weather. 10.00 News. 10.15 Evening Service (S). 10.30 The Turn of the Tide. 11.00 Science Now. 11.30 The Good Human Guide (S). 12.00-12.15 am News.

SUNDAY

† Indicates programme in black and white

BBC 1

8.55 am Play School. 9.15 Articles of Faith, 9.30 This Is The Day. 10.00 Asian Magazine. 10.30 L-Driver. 10.55 Deutsch Direkt! 11.20 Tele-Journal. 11.45 Nothing But The Best. 12.10 pm Sorry, Mate, I Didn't See You! 12.35 Farming. 12.58 Weather News for farmers. 1.00 This Week Next Week. 2.00 Eastenders.

3.00 Match Of The Day Live: Tottenham Hotspur v Liverpool. 4.55 The Pink Panther Show. 5.20 Brat Farrar. 5.50 The Living Isles. 6.30 News. 6.40 Songs of Praise from Denbigh. 7.15 Hancock's Half Hour: The Missing Page. 7.45 Bluebell. 8.35 Mastermind. 9.05 News. 9.20 That's Life. 10.05 The Hammer And The Cross. 10.45 You Can't See The Wood. 11.10 Secret Nature.

BBC 2

2.00 Rugby Special. 3.00 Film: "Virgin Island," starring John Cassavetes and Virginia Maskell. 4.30 Rhapsody. 4.35 The Great Art Collection. 5.10 Darts (Scotland v England). 6.00 Ski Sunday. 6.30 The Money Programme. 7.15 Previn on Concertos. 8.05 Nature. 8.45 Thinking Aloud. 9.25 Architecture At The Crossroads. 10.05 Film: Screen Two: "Hotel Du Lac" (Anna Massey heads the cast which also includes Denholm Elliott, Googie Withers, Julia McKenzie, Barry Foster and Irene Handl. 11.20-12.00 pm Darts (highlights).

LONDON

8.55 am TV-am Breakfast Programme. 9.25 Wake Up London. 9.35 Woody And Friends. 9.45 Roger Ramjet. 10.00 Morning Worship. 11.00 Link. 11.30 Natural Resources. 12.00 Weekend World. 1.00 pm Police 5. 1.10 The Smurfs. 1.25 Miss Mactaggart Won't Lie Down. 2.00 LWT News Headlines followed by Encounter. 2.30 Snooker—Dulux British Open. 6.00 Albion Market. 6.30 News. 6.40 Highway. 7.15 Catchphrase. 7.45

Geraldine McEwan in "Mapp & Lucia," LWT, 11.30 pm

Surprise Surprise. 8.45 Crazy Like A Fox. 9.45 News. 10.00 Hot Metal. 10.30 The South Bank Show. 11.30 LWT News Headlines. Mapp and Lucia. 12.25 am Night Thoughts.

CHANNEL 4

1.00 pm Irish Angle 1.30 Face The Press. 2.00 Pob's Programme. †2.30 "Up In Central Park," starring Deanna Durbin, Dick Haymes, Vincent Price. †4.10 Scotland Yard. 4.45 Double Piquet. 5.15 News Summary followed by The Business Programme. 6.00 Second Glance. 6.15 International Volleyball. 7.15 Patterns Of Life. 8.15 My Britain: Jim Prior. 9.15 Mr Pye. †10.15 "The Knack . . . And How To Get It" (Rita Tushingham stars). 11.50 Snooker: Dulux British Open.

SC4 WALES

2.05 pm Union World †2.35 Feature Film: "Can't Help Singing" (Deanna Durbin stars). 4.20 Iseu Ddoe A Heddiw. 4.50 Dilyn Iesu. 5.15 The Business Programme. 6.00 Second Glance. 6.15 International Volleyball. 7.15 Deri Deg. 7.20 Newyddion. 7.30 Cais Am Gan. 8.00 Mwynhau'r Pethe 8.30 Dechrau Canu, Dechrau Canmol. 9.00 Teulu Helga 10.45 Hell And High Water. 11.50 Snooker—Dulux British Open.

REGIONS

IBA Regions as London except at the following times:

ANGLIA
9.30 am First Sunday †1.00 The Beverley Hillbillies. 1.25 Weather Trends. 1.30 Farming Diary. 12.30 am Visions and Voices.

BORDER
9.25 am Gardening Time. 1.00 pm Terrahawks. 1.30 Farming Outlook.

CENTRAL
9.25 am Wattoo, Wattoo. 9.30 Terrahawks. 1.00 pm Here And Now. 1.30 Wish You Were Here . . . ?

CHANNEL
9.25 am Today's Weather. 9.28 Starting Point. 9.30 Les Francais Chez Vous. 9.45 Cartoon Compilation. 1.00 pm Gardens For All. 1.30 Farm Focus.

GRAMPIAN
9.25 am Cartoon. 9.40 Living and Growing for Adults. 1.00 pm Farming Outlook 1.30 Horses for Courses. 2.30 Scotsport including Snooker. 11.30 Sheena Easton live at the Palace, Hollywood 12.30 am Reflections.

GRANADA
9.25 am Max The 2000 Year Old Mouse. 9.35 Land Of The Dragon. 11.00 Natural Resources 11.25 Aap Kaa Hak. 11.30 This Is Your Right with Michael Winstanley. 1.00 pm Cartoon (Bugs Bunny). 1.05 The Fall Guy.

HTV
9.25 am Jayce And The Wheeled Warriors. 9.50 Science International. 1.00 pm Gardening Time. 1.30 Farming Wales. 6.38 HTV News.
HTV WALES—As HTV WEST except: 1.00-1.30 pm Wales on Sunday 11.30-12.30 am Crown Green Bowls (Midland Bank British Open Pairs Tournament).

SCOTTISH
9.25 am Foo Foo. 9.35 Natural Resources. 11.30 Encounter. 1.00 pm Bullseye. 1.30 Farming Outlook. 2.00 Profile (Canon Sydney MacEwan in conversation with Peter Mallan). 2.30 Scotsport. 11.30 The Sweeney. 12.30 am Late Call.

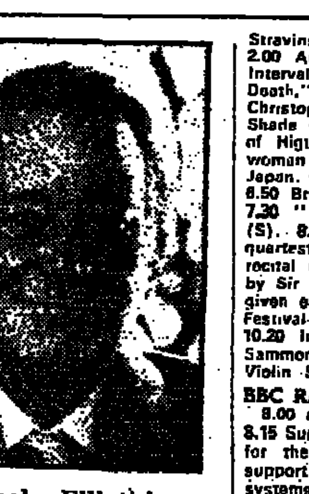
TSW
9.25 am Link followed by South West Link. 11.00 Natural Resources. 11.25 Look and See. 11.30 The South West Week. 1.00 pm Gardens For All. 1.30 Farming News. 11.30 Postscript Diary. 12.00 Postscript Postbag.

TVS
9.25 am Action Line. 9.35 Cartoon Compilation. 1.00 pm Agenda. 1.30 Farm Focus. 12.30 am Company.

TYNE TEES
9.25 am Fireball XL5 9.50 Sunday Lookaround. 9.55 Morning Glory. 1.00 pm Farming Outlook. 1.30 Wish You Were Here? 11.30 Epilogue.

ULSTER
9.40 am Advice with Anne Hailes. 12.58 pm Lunchtime News 1.00 Farming Ulster. 1.28 Farming Weather. 1.30 Portraits of Power: 'Adenauer—Germany Re-Born. 6.38 Ulster News. 9.57 Ulster News. 11.30 Sports Results. 11.35 Festival Folk. 12.00 News At Bedtime.

YORKSHIRE
9.25 am Regional Weather followed by Link. 11.00 Natural Resources. 11.30 Farming Diary. 1.00 pm Man In A Suitcase. 12.30 am Five Minutes.



Denholm Elliott in "Hotel du Lac," BBC 2, 10.05 pm

RADIO

(S) Stereo on VHF

BBC RADIO 2
7.30 am Roger Royle says Good Morning Sunday (S). 9.05 Melodies For You (S). 11.00 Desmond Carrington with your Radio 2 All-Time Greats (S). 1.00 pm John Dunn Presents Two's Best (S). 2.00 Benny Green (S). 3.00 Alan Dell with Sounds Easy (S). 4.00 Jazz Classics in Stereo (S) (9) Music Is My Mistress: Duke Ellington 4.30 Sing Something Simple (S). 5.00 Charlie Chester. 7.00 Castle's Corner. 7.30 The Gentle Touch. 8.00 Cynthia Glover Sings. 8.30 Sunday Half-Hour from Holy Trinity Church, Hastings, Sussex. 9.00 Your Hundred Best Tunes introduced by Alan Keith. 10.05 Songs from the Shows. 10.30 Acker's Away. 11.00 Sounds of Jazz with Peter Clayton (stereo from midnight). 1.00 am Jean Challis presents Nightride (S) 3.00-4.00 A Little Night Music (S).

BBC RADIO 3
7.00 am News 7.05 Schubert And His Contemporaries (S) 9.00 News. 9.05 Your Concert Choice (S). 10.30 Music Weekly (S). 11.15 Igor Oistrakh and Natalia Zertsalova (S). 12.15 pm From The Proms 85: BBC Symphony Orchestra conducted by David Atherton. Part 1: Stravinsky, Gerhard, Bartok (Piano Concerto, with Peter Donohoe) (S). 1.10 Words. 1.15 Concert: Part 2: Stravinsky (The Rite of Spring) (S). 2.00 Andras Schiff piano recital (2.45 Interval Reading) (S). 3.50 "Cupid And Death," opera by Matthew Locke and Christopher Gibbons (S). 5.15 In The Shade Of Spring Leaves. The writings of Higuchi Ichiyo (1872-96), the first woman writer of stature in Modern Japan. 6.00 Sallinen and Holmboe (S). 6.50 Britten And Judith Bingham (S). 7.30 "God," play by Woody Allen (S). 8.10 Haydn And Alwyn string quartets (S). 9.00 David Wilde piano recital (S) 9.30 "The Mask Of Time" by Sir Michael Tippett: a performance given earlier this evening in the Royal Festival Hall, London (S). (10.15-10.20 Interval Reading). 11.25 Albert Sammons (mono record of the Elgar Violin Sonata). 11.57-12.00 News.

BBC RADIO 4
8.00 am News. 8.10 Sunday Papers. 8.15 Sunday. 8.50 Joanna Lumley talks, for the Week's Good Cause, about support being given to education systems in the Third World. 8.55 Weather: Travel. 9.00 News. 9.10 Sunday Papers. 9.15 Letter from America by Alistair Cooke. 9.30 Morning Service from St Petroc's Church, Exeter. 10.15 The Archers (Omnibus edition). 11.15 Pick of the Week (S). 12.15 pm Desert Island Discs (S). 12.55 Weather. 1.00 The World This Weekend. 1.55 Shipping Forecast. 2.00 News: Gardeners' Question Time. 2.30 The Afternoon Play (S). 3.45 Teetotal Now. 4.00 The Food Programme. 4.30 The Natural History Programme. 5.00 News: Travel. 5.05 Down Your Way visits Penzance and Newlyn in Cornwall. 5.50 Shipping Forecast. 5.55 Weather. 6.00 News. 6.15 Weekend Woman's Hours. 7.00 Travel: Lord of Misrule (S). 7.30 Feedback (Chris Dunkley airs listeners' comments about BBC programmes and policies). 7.45 Streams in the Desert. 8.00 Bookshelf. 8.30 Law In Action. 9.00 News: Jude the Obscure (S). 9.58 Weather. 10.00 News. 10.15 The Sunday Feature: Out for the Count. 11.00 Before the Ending of the Day. 11.15 In Committee. 12.00-12.15 am News.